

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA  
REPORT ON EXAMINATION  
OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA  
YEAR ENDED SEPTEMBER 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 15 2012

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT**

**SHREVEPORT, LOUISIANA**

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Board of Commissioners  
The Housing Authority of the City of Shreveport  
Shreveport, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of The Housing Authority of the City of Shreveport, Louisiana as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2011, and the changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for Department of Housing and Urban Development information and is not a required part of the financial statements. The accompanying schedule of expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. The Financial Data Schedule, supplementary data and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Birmingham, Alabama  
June 22, 2012

*Yeager & Boyd*  
Yeager & Boyd

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Commissioners  
The Housing Authority of the City of Shreveport  
Shreveport, Louisiana**

We have audited the financial statements of the Authority as of and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 11 - 01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 11-01 through 11-08.

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of the Board of Commissioners, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Birmingham, Alabama  
June 22, 2012

Yager & Bond

# THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

## SHREVEPORT, LOUISIANA

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
The Housing Authority of the City of Shreveport  
Shreveport, Louisiana

#### Compliance

We have audited the Authority's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each the Authority's major federal programs for the year ended September 30, 2011. The Authority's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 11-03 through 11-08.

#### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our Consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Birmingham, Alabama  
June 22, 2012

Yeager & Bond



## **Management's Discussion and Analysis**

### **The Housing Authority of the City of Shreveport, Louisiana September 30, 2011**

#### **Preamble**

The Housing Authority of the City of Shreveport ("hereinafter called the "Authority") is an autonomous, quasi-governmental entity (referred to as a special-purpose government by GASB Statement Number 34) which is predominately funded through the United States Department of Housing and Urban Development operating subsidies and modernization of capital grants. Even though the Authority collects rent from its tenants, without HUD funding, the Authority would not be able to sustain its operations and activities.

#### **Presentation**

The requirements of GASB Statement No. 34 mandate all local governmental financial statements to include a Management Discussion & Analysis (MD&A). The goal of the MD&A is to give readers an objective and easily readable overview of the Authority's financial performance. The MD&A is designed to focus on the Authority's most relevant financial information regarding overall financial performance to aid users on assessing whether financial position has improved or deteriorated as a result of the year's operations. Hereinafter, the Authority will briefly discuss the enclosed financial statements and will describe, as well, the currently known facts, decisions, or conditions expected to have a significant impact on financial position or the results of operations.

### **FINANCIAL HIGHLIGHTS**

- The Authority's net assets increased at year end by \$0.8 million. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$27.0 million and \$27.8 million for 2010 and 2011 respectively.
- The Authority's revenues decreased by \$0.4 million during 2011; the decrease was due to a gain on disposal of assets of \$0.2 million in 2010 that was not repeated in 2011 and fewer funds drawn from the Capital Fund Program drawn in 2011. Revenues were \$19.7 million and \$19.3 million for 2010 and 2011 respectively.
- Total program expenses of the Authority's programs decreased by \$0.6 million. Total expenses were \$19.2 million and \$18.6 million for 2010 and 2011 respectively.

## **REVIEW OF THIS ANNUAL REPORT**

The following information is for review and consideration:

### **MD&A**

Management's Discussion and Analysis

### **Basic Financial Statements**

Authority Wide Financial Statements  
Notes to the Financial Statements

### **Other Required Supplementary Information**

Required Supplementary Information

### **Authority-Wide Financial Statements**

The Authority-wide financial statements (see Tables 1 thru 5) are designed to be corporate-like.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income and HUD subsidies, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

### **Enterprise Fund**

The Authority consists exclusively of an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

### **Significant Programs of the Authority:**

Low Rent Public Housing - Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Capital Fund Program - Under the Capital Fund Program, the Authority administers various constructions contracts to maintain the apartments long term viability.

Housing Choice Vouchers Program - Under the Housing Choice Vouchers Program, the Board administers contracts with independent landlords that own the property. The Board subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Board to structure a lease that sets the participants' rent at 30% of household income.

Section 8 New Construction - The Section 8 New Construction Program was established by the United States Department of Housing and Urban Development in order to provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing.

### **Other smaller programs are:**

Section 8 Moderate Rehab  
ARRA  
State and Local  
Business Activities  
ROSS

Table 1 reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

**Table 1**  
**STATEMENT OF NET ASSETS**

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>Assets:</b>			
Current Assets & Restricted Assets	\$ 9,556,659	\$ 8,655,026	\$ 901,633
Non Current Assets	<u>22,087,419</u>	<u>22,216,215</u>	<u>(128,796)</u>
<b>Total Assets</b>	<u>\$ 31,644,078</u>	<u>\$ 30,871,241</u>	<u>\$ 772,837</u>
<b>Liabilities:</b>			
Current Liabilities	\$ 1,177,832	\$ 969,796	\$ 208,036
Non Current Liabilities	<u>2,654,675</u>	<u>2,876,448</u>	<u>(221,773)</u>
<b>Total Liabilities</b>	<u>\$ 3,832,507</u>	<u>\$ 3,846,244</u>	<u>\$ (13,737)</u>
<b>Net Assets:</b>			
Invested in Capital Assets			
Net of Related Debt	\$ 19,549,734	\$ 19,461,215	\$ 88,519
Restricted Net Assets	5,388,753	4,145,892	1,242,861
Unrestricted Net Assets	<u>2,873,084</u>	<u>3,417,890</u>	<u>(544,806)</u>
<b>Total Net Assets</b>	<u>\$ 27,811,571</u>	<u>\$ 27,024,997</u>	<u>\$ 786,574</u>

#### **Major Factors Affecting the Statement of Net Assets**

Current and restricted assets increased by \$901,633, and current liabilities increased by \$208,036. Current and restricted assets increased primarily due to an increase in cash. Current liabilities increased primarily due to an increase in accounts payable.

Non-current assets decreased from \$22.2 million to \$22.1 million due to depreciation expense exceeding capital expenditures. Non-current liabilities decreased primarily due to payments on debt.

Table 2 presents details on the change in Unrestricted Net Assets

**Table 2**

Unrestricted Net Assets, September 30, 2010	\$ 3,417,890
Results of Operations	(283,371)
Transfer to Restricted Assets	(1,242,861)
Purchase of Equipment from Operations	(509,873)
Investment Income	31,837
Principal, Interest and Fees Expended on Capital Debt	(416,837)
Amortization of Bond Issue Costs	12,828
Depreciation Expense	<u>1,863,471</u>
Unrestricted Net Assets, September 30, 2011	<u>\$ 2,873,084</u>

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

**Table 3**  
**Statement of Revenues and Expenses**

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>Revenues:</b>			
Tenant Rental Revenue	\$ 2,460,696	\$ 2,310,212	\$ 150,484
Operating Grants	15,489,417	15,532,281	(42,864)
Capital Grants Received	1,219,945	1,510,123	(290,178)
Investment Income	31,837	29,731	2,106
Gain on Disposition of Assets	-	250,028	(250,028)
Other Income	160,460	85,441	75,019
<b>Total Revenues</b>	<u>\$ 19,362,355</u>	<u>\$ 19,717,816</u>	<u>\$ (355,461)</u>
<b>Expenses:</b>			
Administrative Expenses	\$ 3,039,876	\$ 2,701,169	\$ 338,707
Tenant Services	176,612	114,019	62,593
Utilities	580,657	546,099	34,558
Maintenance & Operations	2,149,393	1,725,492	423,901
Protective Services	120,671	120,286	385
General Expense	738,940	611,908	127,032
Interest Expense	181,837	179,539	2,298
HAP Payments	9,711,496	11,163,160	(1,451,664)
Depreciation & Amortization	1,876,299	2,039,934	(163,635)
<b>Total Expenses</b>	<u>\$ 18,575,781</u>	<u>\$ 19,201,606</u>	<u>\$ (625,825)</u>
<b>Excess Revenues Over Expenses</b>	<u>\$ 786,574</u>	<u>\$ 516,210</u>	<u>\$ 270,364</u>

#### **MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

There was an increase in excess revenues over expenses from the prior year. The increase was due to the decrease in expenses exceeding the decrease in revenues for the year. Revenues decreased primarily due to a gain on disposal of assets in 2010 not being repeated in 2011 and fewer capital grants being drawn from the Capital Fund Program in 2011. Rental income increased because of an overall increase in tenant incomes. Operating grants decreased primarily due to a decrease in operating funds received from the Section 8 New Construction program. Other income increased due to fraud recoveries and FSS forfeitures during the year.

Administrative Expenses increased primarily due to employee hires that occurred at the end of 2010 and various sundry expenses in COCC. Maintenance and operations increased due to increases in contract costs related to apartment turnaround. General expenses increased primarily due to increases in insurance costs. Housing assistance payments (HAP) decreased because there were no expenditures in 2011 for the Moderate Rehab or DHAP programs. Depreciation and amortization decreased as capital assets became fully depreciated.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of year end, the Authority had \$21,979,941 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$133,653 from the end of last year.

	<b>TABLE 4</b>			
	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 2,577,163	\$ 2,577,163	\$ -	0%
Buildings	52,753,083	51,152,936	1,600,147	3%
Furniture & Equipment	2,197,981	2,078,620	119,361	6%
Construction in Process	-	-	-	0%
Accumulated Depreciation	<u>(35,548,286)</u>	<u>(33,695,125)</u>	<u>(1,853,161)</u>	<u>5%</u>
Net Capital Assets	<u>\$ 21,979,941</u>	<u>\$ 22,113,594</u>	<u>\$ (133,653)</u>	<u>-1%</u>

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, October 1, 2010	\$ 22,113,594
Additions and Disposals:	
Capital Fund Program - Improvements	1,219,945
Equipment purchases from Operating funds	509,873
Net Basis of Disposals	
Depreciation Expense	<u>(1,863,471)</u>
Ending Balance, September 30, 2011	<u>\$ 21,979,941</u>

### Debt Outstanding

As of year-end, the Authority had \$2,520,000 in debt outstanding compared to \$2,755,000 last year, a decrease of \$235,000. This debt is Multifamily Revenue Refunding Bonds. These proceeds were used to construct a 170 unit residential rental project.

Table 5

#### Outstanding Debt, at Year End

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Mortgage Revenue Bonds	<u>\$ 2,520,000</u>	<u>\$ 2,755,000</u>	<u>\$ (235,000)</u>
Total Debt	<u>\$ 2,520,000</u>	<u>\$ 2,755,000</u>	<u>\$ (235,000)</u>

## **ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Beginning October 1, 2007 the Authority began its first compliance year under Asset Management mandated by HUD. The Central Office Cost Center (COCC) was established in accordance with HUD guidance. The COCC has begun a "fee for service" approach and is billing the asset management projects (AMPS) and other funds for its management service. These fees are in accordance with HUD regulation and meet the safe-harbor requirement of being reasonable. Therefore the funds are defederalized.

## **FINANCIAL CONTACT**

The individual to be contacted regarding this report is Richard Herrington, Executive Director, Shreveport Housing Authority. Specific requests may be submitted to Richard Herrington, Jr., Executive Director, Shreveport Housing Authority, 2500 Line Avenue, Shreveport, Louisiana 71104.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

**ASSETS**

	<b><u>Enterprise Fund</u></b>
<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	\$ 3,279,290
Accounts Receivable - Other	310,498
Tenants Accounts Receivable	52,054
(Allowance for Doubtful Accounts)	(21,781)
Prepaid Costs	127,938
Inventory	1,246
<b>Total Current Assets</b>	<b><u>3,749,245</u></b>
<b><u>Restricted Assets</u></b>	
Cash and Cash Equivalents	<u>5,807,414</u>
<b>Total Restricted Assets</b>	<b><u>5,807,414</u></b>
<b><u>Capital Assets</u></b>	
Land	2,577,163
Buildings	52,753,083
Furniture & Equipment	<u>2,197,981</u>
	57,528,227
(Less): Accumulated Depreciation	<u>(35,548,286)</u>
<b>Net Capital Assets</b>	<b><u>21,979,941</u></b>
<b><u>Other Non-current Assets</u></b>	
Bond Issuance Fee Net of Amortization	89,793
Other Non-current Assets	<u>17,685</u>
<b>Total Other Non-current Assets</b>	<b><u>107,478</u></b>
<b>Total Assets</b>	<b><u>\$ 31,644,078</u></b>

See the accompanying notes to financial statements.



**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

**LIABILITIES AND NET ASSETS**

	<b>Enterprise Fund</b>
<b>Liabilities</b>	
<b><u>Current Liabilities</u></b>	
Accounts Payable	\$ 462,045
Accrued Wages / Payroll Taxes	65,407
Accrued Compensated Absences	68,360
Accrued Interest Payable	41,791
Accrued PILOT	101,524
Resident Security Deposits	122,890
Deferred Revenue	2,240
Current Maturities of Long Term Debt	255,000
Other Current Liabilities	58,775
Total Current Liabilities	<u>1,177,832</u>
<b><u>Long-Term Liabilities</u></b>	
Bonds Payable	2,265,000
Accrued Compensated Absences	226,014
Noncurrent Liabilities - Other	163,661
Total Long-Term Liabilities	<u>2,654,675</u>
Total Liabilities	<u>3,832,507</u>
<b><u>Net Assets</u></b>	
Investment in Capital Assets Net of Related Debt	19,549,734
Restricted Net Assets	5,388,753
Unrestricted Net Assets	2,873,084
Total Net Assets	<u>27,811,571</u>
Total Liabilities and Net Assets	<u>\$ 31,644,078</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>Enterprise Fund</b>
<u>Operating Revenues</u>	
Dwelling Rent	\$ 2,460,696
Operating Grants	15,489,417
Other Income	160,460
Total Operating Revenues	<u>18,110,573</u>
<u>Operating Expenses</u>	
Administrative	3,039,876
Tenant Services	176,612
Utilities	580,657
Maintenance and Operations	2,149,393
Protective Services	120,671
General Expense	738,940
Housing Assistance Payments	9,711,496
Depreciation and Amortization	1,876,299
Total Operating Expenses	<u>18,393,944</u>
Operating Income (Loss)	<u>(283,371)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	31,837
Interest Expense	(181,837)
Total Non-Operating Rev/(Exp)	<u>(150,000)</u>
Increase (Decrease) in Net Assets Before Capital Contributions and Transfers	<u>(433,371)</u>
Capital Contributions	<u>1,219,945</u>
Increase (Decrease) in Net Assets	786,574
Net Assets, Beginning	27,024,997
Net Assets, Ending	<u>\$ 27,811,571</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>Enterprise Fund</b>
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 2,443,506
Cash Received from Operating Grants	15,538,379
Cash Received from Other Sources	170,332
Cash Payments for Salaries & Benefits	(3,312,298)
Cash Payments to Vendors and Landlords	(13,008,969)
Net Cash flows provided (used) by operating activities	<u>1,830,950</u>
<u>Cash flows from non-capital financing activities:</u>	
Net cash flows provided (used) by non-capital financing activities	<u>-</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Outlay	(1,729,818)
Capital Grants Received	1,219,945
Principal and interest payments on Capital Debt	(403,055)
Net cash flows provided (used) by capital and related financing activities	<u>(912,928)</u>
<u>Cash flows from investing activities:</u>	
Transfer from (to) Investments	-
Interest earned from cash and cash equivalents	31,837
Net cash flows provided (used) by investing activities	<u>31,837</u>
Net Increase (decrease) in cash and cash equivalents	<u>949,859</u>
Cash and cash equivalents, beginning of year:	<u>8,136,845</u>
Total cash and cash equivalents, end of year	<u>\$ 9,086,704</u>
<u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u>	
Operating Income (Loss)	\$ (283,371)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,863,471
Amortization	12,828
Bad Debt Expense	28,140
Change in Tenants Accounts Receivable	(45,330)
Change in Accounts Receivable - Other	48,962
Change in Prepaid Expenses	16,454
Change in Other Non-current Assets	(17,685)
Change in Accounts Payable	320,718
Change in Accrued Wages and Payroll Taxes	(31,942)
Change in Accrued Expenses	(21,340)
Change in Tenant Security Deposits	9,872
Change in Other Current Liabilities	(69,827)
Net cash provided by (used in) operating activities	<u>\$ 1,830,950</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

Enterprise Fund -- In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Governmental Accounting Standards -- The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as pronouncements issued by the Financial Accounting Standards Board on or before November 30, 1989, and those issued after November 30, 1989 except for those that conflict with or contradict Governmental Accounting Standards Board pronouncements.

**Cash**

The Housing Authority considers cash on hand and cash in checking to be cash equivalents.

**Accounts Receivable**

Tenant accounts receivables are carried at the amount considered by management to be collectible. Other accounts receivable consists of amounts due from HUD and State and Local governments for grant income.

**Prepaid Items**

Prepaid items consists of payments made to vendors for services that will benefit future periods. Prepaid items include air conditioners purchased, but not yet received.

**Deferred Revenue**

The Authority recognizes revenues as earned. Amounts received in advance of the period in which it is earned is recorded as a liability under Deferred Revenue.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

#### Inventory

Inventories consist of supplies that have not been used or consumed. Inventory is valued at average cost and is recorded as an expense when it is used or consumed.

#### Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of income. Estimated useful lives are as follows:

Buildings & Improvements	15 - 40 years
Furniture fixtures and equipment	3 - 7 years

#### Revenue Accounting Policies

Dwelling rent income, HUD grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

These financial statements do not contain material inter-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements.

#### Intangible Assets

In accordance with SFAS 142 intangible assets with finite useful lives will be amortized over their estimated useful life. Bond issuance costs consist primarily of unamortized revenue bond issuance costs. Expenses relating to the issuance of the capital program bonds are capitalized and amortized on a straight-line basis over the term of the bond's maturity.

#### Cost Allocation Plan

In accordance with OMB Circular A-87, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.

### NOTE B - REPORTING ENTITY DEFINITION

The Authority is a separate non-profit corporation with a Board of Commissioners. The Mayor appoints the Board of Commissioners. However, the Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE B - REPORTING ENTITY DEFINITION - CONTINUED

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended)*, of the *Governmental Accounting Standards Board: The Financial Reporting Entity and Statement No. 39 "Determining Whether Certain Organizations are Component Units"*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following blended component unit:

The Resident Advisory Board is a legally separate entity. The Resident Advisory Board is fiscally dependent on the Authority as the Authority provides 100% of their funding. The Resident Advisory Board is included through blended presentation because it exclusively benefits the Authority by providing services indirectly to the Authority. The Board was established to administer several federal programs for the Authority. The Board does not provide services other than to administer these federal programs for the Authority.

### NOTE C - CASH AND INVESTMENT DEPOSITS

**Custodial Credit Risk** – The Authority policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

**Interest Rate Risk** – The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other Federally insured investments.

The Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts totaling \$3,024,090 and \$255,000 of debt service funds restricted for payment of current debt. The restricted cash consists of \$5,492,335 held in interest bearing checking accounts and \$315,079 in debt service funds. The various accounts bear interest ranging from .4% to 1.4%. The remaining \$200 is held in cash in petty cash funds. Deposits with financial institutions are secured as follows:

	Per Books	Per Bank
Insured by FDIC	\$ 250,000	\$ 250,000
Investments held in U.S. Treasury Obligations	-	-
Collateralized with specific securities in the Authority name which are held by the financial institution	8,836,504	9,059,740
Uncollateralized	-	-
	<u>\$ 9,086,504</u>	<u>\$ 9,309,740</u>

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE C - CASH AND INVESTMENT DEPOSITS - CONTINUED

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

### NOTE D - CONTRACTUAL COMMITMENTS

The significant Outstanding Contractual Commitments as of the Balance Sheet Date are as follows:

<u>Type Commitment</u>	<u>Amount</u>
Renovations	\$ 7,180

### NOTE E - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workman's compensation. The Authority established a risk management program for employee's group health insurance in 1995 (Note M). The Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

### NOTE F - CONCENTRATION OF RISK

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

### NOTE G - SIGNIFICANT ESTIMATES

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives and inventory valuations. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

### NOTE H - COMPENSATED ABSENCES

The Authority follows Louisiana Civil Service regulations for accumulated annual leave and sick time. Employees may accumulate up to 300 hours annual leave which may be received upon termination or retirement. In a case where the employee notifies the Authority not less than six months prior to retirement or resignation, annual leave in excess of 300 may be utilized prior to separation of employment. Sick leave hours accumulate, but the employee is not paid for them if not used by the retirement or termination date. Leave accrued but not yet paid as of September 30, 2011, is shown as a liability allocated between current and noncurrent.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE I – PENSION PLAN

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, a defined contribution plan administered by Automatic Data Processing Retirement Services. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one year of continuous and uninterrupted employment. The plan provisions and changes to the plan contributions are determined by the Board of the Housing Authority.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes an amount equal to 8% of the employees' base salary (excluding overtime). The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Up to 100% of Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are refundable to the Authority, and are used to offset future contributions of the Housing Authority. During the current audit period, total contributions made by the Authority and employees totaled \$318,664.

Assets in the plan are recorded at market value and are administered by a private corporation under contract with the Housing Authority. It is the opinion of the Authority's legal counsel that the Housing Authority has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

### NOTE J – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at September 30, 2011.

	<u>PUBLIC HOUSING &amp; CAPITAL FUND</u>	<u>SECTION 8 NEW CONSTRUCTION</u>	<u>REVITALIZATION OF SEVERLY DISTRESSED PUBLIC HOUSING</u>	<u>HOUSING CHOICE VOUCHERS</u>
Land	\$ 1,660,270	\$ 411,180	\$ -	\$ -
Building and Improvements	42,879,086	4,298,994	15,300	887,660
Furniture, Fixtures and Equipment	1,166,938	186,400	-	443,168
Construction in Process	-	-	-	-
Less Accumulated Depreciation	(29,962,812)	(2,218,027)	(1,530)	(823,698)
Total Property and Equipment	<u>\$ 15,743,482</u>	<u>\$ 2,678,547</u>	<u>\$ 13,770</u>	<u>\$ 507,120</u>

	<u>STATE / LOCAL</u>	<u>BUSINESS ACTIVITIES</u>	<u>COCC</u>	<u>TOTAL</u>
Land	\$ -	\$ 505,713	\$ -	\$ 2,577,163
Building and Improvements	-	4,672,053	-	52,753,083
Furniture, Fixtures and Equipment	4,770	109,174	287,531	2,197,981
Construction in Process	-	-	-	-
Less Accumulated Depreciation	(4,770)	(2,289,051)	(248,398)	(35,548,286)
Total Property and Equipment	<u>\$ -</u>	<u>\$ 2,997,889</u>	<u>\$ 39,133</u>	<u>\$ 21,979,941</u>



# NOTES TO FINANCIAL STATEMENTS - CONTINUED

## NOTE J - PROPERTY AND EQUIPMENT - CONTINUED

	October 1, 2010 <u>Balance</u>	<u>Additions</u>	<u>Transfers &amp; Deletions</u>	September 30, 2011 <u>Balance</u>
Land	\$ 2,577,163	\$ -	\$ -	\$ 2,577,163
Construction in Process	-	-	-	-
Total Assets not being depreciated	2,577,163	-	-	2,577,163
Buildings and Improvements	51,152,936	1,600,147	-	52,753,083
Furniture and Equipment	2,078,620	129,671	(10,310)	2,197,981
Total Capital Assets	55,808,719	1,729,818	(10,310)	57,528,227
Less Accumulated Buildings & Improvements	(31,759,160)	(1,756,519)		(33,515,679)
Furniture & Equipment	(1,935,965)	(106,952)	10,310	(2,032,607)
Net Book Value	\$ 22,113,594	\$ (133,653)	\$ -	\$ 21,979,941

## NOTE K - BONDS PAYABLE

In August of 1993, the Authority issued \$5,295,000 in Multifamily Mortgage Revenue Refunding Bonds, Series 1993A in order to acquire and construct a 170-unit multifamily residential rental project, the Goodman Plaza Assisted Project, located in Shreveport, Louisiana. The bonds are to be repaid from the rent, Housing Assistance Payments and other income generated from the property. The purchase contract required the Authority to create and maintain a Bond Fund, Debt Service Fund, Mortgage Payment Fund, Operating Fund, and Repair and Replacement Fund with the funds being administered by an outside Trustee (the current Trustee is The Bank of New York, formerly JP Morgan Chase). All the required funds were created and are being maintained. The bond interest rates vary from 3.25%, in August 1, 1994, to 6.10%, in August 1, 2019. The bonds are collateralized by the revenues derived from the operations of Goodman Plaza. Interest paid and expensed during the year was \$181,837.

Future bond payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2012	\$ 255,000	\$ 168,056	\$ 2,265,000
2013	265,000	153,720	2,000,000
2014	290,000	138,166	1,710,000
2015	300,000	104,310	1,410,000
2016	320,000	86,010	1,090,000
2017 - 2019	1,090,000	135,724	320,000
Total Payments	\$ 2,520,000	\$ 785,986	

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE L – LONG TERM DEBT

Long term debt at September 30, 2011 consisted of the following:

	October 1, 2010			September 30, 2011	Due Within
	Balance	Increase	Decrease	Balance	One Year
Bonds Payable	\$ 2,755,000	\$ -	\$ 235,000	\$ 2,520,000	255,000
Accrued Compensated Absences	315,714	161,831	183,171	294,374	68,360
FSS	223,905	-	60,244	163,661	
Less: Current Portion	(418,171)			(323,360)	
Long Term Liabilities	<u>\$ 2,876,448</u>			<u>\$ 2,654,675</u>	

### NOTE M – SELF-INSURANCE

The Authority is partially self-insured for employee's group and health insurance coverage. Claims are funded through employee contributions and operating funds of the Authority. The Authority maintains stop-loss coverage with an insurance company for claims in excess of \$40,000 per claim for each employee. All known claims filed and an estimate of incurred but not reported claims based on experience of the Authority are made and accrued as necessary in the financial statements. Changes in the balances of claims liabilities during the past three years are as follows:

	2009	2010	2011
Unpaid Claims, beginning of fiscal year	91,995	159,757	46,098
Incurred claims	159,757	85,487	57,413
Claim Payments	(91,995)	(199,146)	(46,098)
Unpaid Claims, end of fiscal year	<u>\$ 159,757</u>	<u>\$ 46,098</u>	<u>\$ 57,413</u>

### NOTE N – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed by the Public Housing Program. Balances due for such charges are reflected in the Interprogram Due to/Due from account balances. Interprograms at September 30, 2011 consisted of the following:

COCC	\$ 1,384,003
State/Local	(4,745)
ROSS	(7,531)
Business Activities	(23,238)
Section 8 Moderate Rehab	(47,064)
Low Rent Public Housing	(59,606)
Capital Fund Program	(99,089)
Housing Choice Vouchers	(495,903)
Section 8 New Construction	(646,827)
Total	<u>\$ -</u>

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE O – DEFERRED FINANCING COSTS

Cost relating to obtaining the Revenue Bond financing are capitalized and amortized over the term of the related debt using the straight line method. Capitalized bond issue costs and discounts total \$320,693 and accumulated amortization at September 30, 2011 was \$230,900 (for a net of \$89,793). When a loan is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations.

### NOTE P – RESTRICTED CASH

The Authority's restricted cash consists of the following as of the end of the fiscal year:

Restricted for HAP Payments	\$ 5,073,674
Restricted for Debt Service and Related Reserves	315,079
Cash Restricted for Current Year Payment of Debt	255,000
Cash Restricted for FSS Escrows	163,661
	<u>\$ 5,807,414</u>

### NOTE Q – RESTRICTED NET ASSETS

Restricted net assets consist of the following:

Restricted for HAP Payments	\$ 5,073,674
Restricted for Debt Service and Related Reserves	315,079
	<u>\$ 5,388,753</u>

Housing Assistance Payment (HAP) funds are available to the Authority under the Section 8 Housing Choice Vouchers program. These funds are to be used only for HAP expenditures of the program.

### NOTE R – ACCOUNTS RECEIVABLE – OTHER

Accounts Receivable – Other, consists of the following:

Accounts Receivable - HUD	\$ 274,320
Accounts Receivable - Miscellaneous	36,178
Total Accounts Receivable - Other	<u>\$ 310,498</u>

## **NOTES TO FINANCIAL STATEMENTS – CONTINUED**

### **NOTE S – COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

Findings 11-05 and 11-06 identify questionable payments made by the Authority in previous years. None of these payments were made in the current audit period; however, the aggregate amount of questioned costs is in the amount of \$1,860,924 (\$1,147,670 for Finding 11-05 and \$713,254 for Finding 11-06). This amount in aggregate would be considered a material contingency if the amount in question was disallowed by HUD and a recoupment of the funds initiated.

### **NOTE T – SUBSEQUENT EVENTS**

In preparing financial statements, management evaluated subsequent events through June 22, 2012, the date the financial statements were issued.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM  
SEPTEMBER 30, 2011**

**ASSETS**

	Public Housing Program	Capital Fund Program	Section 8 New Construction	Section 8 Moderate Rehab	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	PHAR
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 3,155,446	\$ -	\$ 30,542	\$ 15,838	\$ -	\$ 38,965	\$ -
Accounts Receivable - Other	-	98,089	-	178,872	-	835	-
Tenants Accounts Receivable	28,082	-	3,880	-	-	1,100	-
(Allowance for Doubtful Accounts)	(6,611)	-	(3,204)	-	-	-	-
Prepaid Costs	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Interprogram Receivable	-	-	-	-	-	-	-
Total Current Assets	3,176,917	98,089	31,198	198,708	-	40,800	-
<b>Restricted Assets</b>							
Cash and Cash Equivalents	83,359	-	570,078	-	-	5,153,978	-
Total Restricted Assets	83,359	-	570,078	-	-	5,153,978	-
<b>Capital Assets</b>							
Land	1,560,270	-	411,180	-	-	-	-
Buildings	40,835,117	2,043,969	4,288,984	-	15,300	987,680	-
Furniture & Equipment	1,073,948	92,890	185,400	-	-	443,168	-
(Less): Accumulated Depreciation	43,669,335	2,136,959	4,886,574	-	15,300	1,330,818	-
Net Capital Assets	(29,824,037)	(138,776)	(2,218,027)	-	(1,530)	(823,888)	-
	13,746,268	1,898,184	2,678,547	-	13,770	507,120	-
<b>Other Non-current Assets</b>							
Bond Issuance Fee Net of Amortization	-	-	69,793	-	-	-	-
Other Non-current Assets	-	-	-	-	-	-	-
Total Other Non-current Assets	-	-	69,793	-	-	-	-
<b>Total Assets</b>	\$ 17,005,544	\$ 2,067,273	\$ 3,369,617	\$ 198,708	\$ 13,770	\$ 5,701,996	\$ -

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM  
SEPTEMBER 30, 2011**

**ASSETS**

	State/ Local	Business Activities	ARRA	COCC	Elimination	Total
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 17,024	\$ 437,595	\$ -	\$ -	\$ (417,128)	\$ 3,279,280
Accounts Receivable - Other	9,081	21,313	-	308	-	310,488
Tenants Accounts Receivable	-	19,042	-	-	-	62,054
(Allowance for Doubtful Accounts)	-	(11,986)	-	-	-	(21,781)
Prepaid Costs	-	-	-	127,938	-	127,938
Inventory	-	-	-	1,248	-	1,248
Interprogram Receivable	-	-	-	1,384,003	(1,384,003)	-
<b>Total Current Assets</b>	<b>26,115</b>	<b>465,984</b>	<b>-</b>	<b>1,513,495</b>	<b>(1,801,131)</b>	<b>3,749,245</b>
<b>Restricted Assets</b>						
Cash and Cash Equivalents	-	-	-	-	-	6,807,414
<b>Total Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,807,414</b>
<b>Capital Assets</b>						
Land	-	505,713	-	-	-	2,577,163
Buildings	-	4,672,063	-	-	-	62,753,083
Furniture & Equipment	4,770	106,174	-	287,531	-	2,197,981
	4,770	3,296,940	-	287,531	-	57,528,227
(Less): Accumulated Depreciation	(4,770)	(2,289,061)	-	(245,398)	-	(35,548,286)
<b>Net Capital Assets</b>	<b>-</b>	<b>2,987,839</b>	<b>-</b>	<b>39,133</b>	<b>-</b>	<b>21,979,941</b>
<b>Other Non-current Assets</b>						
Bond Issuance Fee Net of Amortization	-	-	-	-	-	89,793
Other Non-current Assets	-	17,685	-	-	-	17,685
<b>Total Other Non-current Assets</b>	<b>-</b>	<b>17,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,478</b>
<b>Total Assets</b>	<b>\$ 26,115</b>	<b>\$ 3,481,558</b>	<b>\$ -</b>	<b>\$ 1,552,628</b>	<b>\$ (1,801,131)</b>	<b>\$ 31,644,078</b>

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM  
SEPTEMBER 30, 2011**

**LIABILITIES AND NET ASSETS**

Liabilities	Public Housing Program	Capital Fund Program	Section 8 New Construction	Section 8 Moderate Rehab	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	DHAP
<b>Current Liabilities</b>							
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	217,133	-	50,529	-	-	51,528	-
Accrued Wages / Payroll Taxes	27,445	-	8,174	-	-	-	-
Accrued Compensated Absences	31,908	-	6,491	-	-	5,809	-
Accrued Interest Payable	-	-	41,791	-	-	-	-
Accrued PILOT	101,524	-	-	-	-	-	-
Resident Security Deposits	69,279	-	30,542	-	-	628	-
Deferred Revenue	-	-	-	-	-	-	-
Current Maturities of Long Term Debt	-	-	-	-	-	-	-
Other Current Liabilities	-	-	255,000	-	-	-	-
Interprogram Payable	59,608	99,089	848,827	47,084	7,531	495,903	-
<b>Total Current Liabilities</b>	<b>505,893</b>	<b>99,089</b>	<b>1,039,354</b>	<b>47,084</b>	<b>7,531</b>	<b>553,868</b>	<b>-</b>
<b>Long-Term Liabilities</b>							
Bonds Payable	-	-	2,265,000	-	-	-	-
Accrued Compensated Absences	88,263	-	6,491	-	-	15,707	-
Noncurrent Liabilities - Other	83,359	-	-	-	-	80,302	-
<b>Total Long-Term Liabilities</b>	<b>168,622</b>	<b>-</b>	<b>2,271,491</b>	<b>-</b>	<b>-</b>	<b>96,009</b>	<b>-</b>
<b>Total Liabilities</b>	<b>673,515</b>	<b>99,089</b>	<b>3,310,845</b>	<b>47,084</b>	<b>7,531</b>	<b>649,875</b>	<b>-</b>
<b>Net Assets</b>							
Investment in Capital Assets	-	-	-	-	-	-	-
Net of Related Debt	13,745,298	1,998,184	248,340	-	13,770	507,120	-
Restricted Net Assets	-	-	316,076	-	-	6,073,874	-
Unrestricted Net Assets	2,583,731	-	(504,647)	149,644	(7,531)	(628,873)	-
<b>Total Net Assets</b>	<b>16,329,029</b>	<b>1,998,184</b>	<b>58,772</b>	<b>149,644</b>	<b>6,239</b>	<b>5,062,121</b>	<b>-</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 17,005,544</b>	<b>\$ 2,087,273</b>	<b>\$ 3,399,617</b>	<b>\$ 196,708</b>	<b>\$ 13,770</b>	<b>\$ 5,701,996</b>	<b>\$ -</b>

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM  
SEPTEMBER 30, 2011**

**LIABILITIES AND NET ASSETS**

Liabilities	State/ Local	Business Activities	ARRA	COCOG	Elimination	Total
<b>Current Liabilities</b>						
Bank Overdraft	\$ -	\$ -	\$ -	\$ 417,128	\$ (417,128)	\$ -
Accounts Payable	516	56,474	-	85,885	-	482,045
Accrued Wages / Payroll Taxes	-	6,617	-	23,171	-	88,407
Accrued Compensated Absences	-	8,160	-	14,984	-	88,380
Accrued Interest Payable	-	-	-	-	-	41,781
Accrued PILOT	-	-	-	-	-	101,524
Resident Security Deposits	-	22,243	-	-	-	122,680
Deferred Revenue	2,240	-	-	-	-	2,240
Current Maturities of Long Term Debt	-	-	-	-	-	256,000
Other Current Liabilities	-	-	-	58,775	-	58,775
Interprogram Payable	4,745	23,238	-	-	(1,384,003)	-
Total Current Liabilities	7,501	117,732	-	599,933	(1,801,131)	1,177,632
<b>Long-Term Liabilities</b>						
Bonds Payable	-	-	-	-	-	2,285,000
Accrued Compensated Absences	-	24,766	-	92,787	-	228,014
Noncurrent Liabilities - Other	-	-	-	-	-	183,681
Total Long-Term Liabilities	-	24,766	-	92,787	-	2,684,575
Total Liabilities	7,501	142,498	-	692,720	(1,801,131)	3,832,507
<b>Net Assets</b>						
Investment in Capital Assets	-	2,997,889	-	39,133	-	19,548,734
Net of Related Debt	-	-	-	-	-	5,388,753
Restricted Net Assets	18,614	341,171	-	820,775	-	2,873,084
Unrestricted Net Assets	18,614	3,339,080	-	859,808	-	27,811,571
Total Net Assets	37,228	3,680,159	-	1,159,616	-	31,644,078
Total Liabilities and Net Assets	44,729	3,822,657	-	1,852,336	(1,801,131)	31,644,078



**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
SCHEDULE OF REVENUES, EXPENSES AND NET ASSETS BY PROGRAM  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Public Housing Program	Capital Fund Program	Section 8 New Construction	Section 8 Moderate Rehab	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	DHAP
<b>Operating Revenues</b>							
Dwelling Rent	\$ 1,351,132	\$ -	\$ 401,703	\$ -	\$ -	\$ -	\$ -
Operating Grants	2,024,568	104,863	541,828	-	-	12,779,202	-
Other Income	10,895	-	75,128	-	-	86,820	-
<b>Total Operating Revenues</b>	<b>3,386,595</b>	<b>104,863</b>	<b>1,018,659</b>	-	-	<b>12,866,022</b>	-
<b>Operating Expenses</b>							
Administrative	1,081,213	68,004	245,477	-	-	1,604,558	-
Tenant Services	110,189	38,878	700	-	-	-	-
Utilities	223,644	-	217,402	-	-	11,481	-
Maintenance and Operations	1,324,913	-	281,589	-	-	19,431	-
Protective Services	98,827	-	18,175	-	-	44	-
General Expenses	362,050	-	90,961	-	-	72,795	-
Housing Assistance Payments	-	-	-	-	-	8,711,496	-
Depreciation and Amortization	1,459,913	40,131	137,073	-	1,020	38,695	-
<b>Total Operating Expenses</b>	<b>4,639,049</b>	<b>145,014</b>	<b>681,147</b>	-	<b>1,020</b>	<b>11,353,681</b>	-
<b>Operating Income (Loss)</b>	<b>(1,252,356)</b>	<b>(40,131)</b>	<b>57,512</b>	-	<b>(1,020)</b>	<b>1,512,341</b>	-
<b>Non-Operating Revenues (Expenses)</b>							
Investment Income	6,398	-	2,054	-	-	18,410	-
Interest Expense	-	-	(181,837)	-	-	-	-
<b>Total Non-Operating Rev/(Exp)</b>	<b>6,398</b>	<b>-</b>	<b>(179,783)</b>	-	-	<b>18,410</b>	-
<b>Increase (Decrease) in Net Assets Before Capital Contributions and Transfers</b>	<b>(1,245,958)</b>	<b>(40,131)</b>	<b>(122,271)</b>	-	<b>(1,020)</b>	<b>1,530,751</b>	-
<b>Capital Contributions</b>		<b>498,573</b>					
<b>Increase (Decrease) in Net Assets</b>	<b>(1,245,958)</b>	<b>458,442</b>	<b>(122,271)</b>	-	<b>(1,020)</b>	<b>1,530,751</b>	-
Equity Transfers	1,857,264	(1,002,884)	-	-	-	39,439	(39,439)
Net Assets, Beginning	15,917,725	2,541,728	181,043	149,844	7,259	3,491,931	39,439
<b>Net Assets, Ending</b>	<b>\$ 16,329,029</b>	<b>\$ 1,988,194</b>	<b>\$ 58,772</b>	<b>\$ 149,844</b>	<b>\$ 8,239</b>	<b>\$ 5,052,121</b>	<b>\$ -</b>

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
SCHEDULE OF REVENUES, EXPENSES AND NET ASSETS BY PROGRAM  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	State/ Local	Business Activities	ARRA	COCC	Elimination	Total
<b>Operating Revenues</b>						
Dwelling Rent	\$ -	\$ 707,881	\$ -	\$ -	\$ -	\$ 2,480,898
Operating Grants	11,589	-	27,338	-	-	15,489,417
Other Income	10,089	98,073	-	1,228,898	(1,287,344)	160,490
Total Operating Revenues	21,686	743,934	27,338	1,228,898	(1,287,344)	18,110,573
<b>Operating Expenses</b>						
Administrative	8,582	284,357	-	1,075,870	(1,184,988)	3,038,876
Tenant Services	-	482	27,338	1,023	-	178,612
Utilities	-	88,508	-	58,342	-	580,667
Maintenance and Operations	-	402,022	-	224,018	(102,348)	2,148,383
Protective Services	-	5,533	-	82	-	120,871
General Expenses	-	76,045	-	167,089	-	798,940
Housing Assistance Payments	-	-	-	-	-	9,711,498
Depreciation and Amortization	-	124,804	68,082	10,371	-	1,878,289
Total Operating Expenses	8,582	882,751	93,431	1,516,603	(1,287,344)	18,393,944
Operating Income (Loss)	13,088	(218,817)	(66,092)	(287,804)	-	(283,371)
<b>Non-Operating Revenues (Expenses)</b>						
Investment Income	42	1,815	-	3,120	-	31,837
Interest Expense	-	-	-	-	-	(181,837)
Total Non-Operating Rev/(Exp)	42	1,815	-	3,120	-	(150,000)
Increase (Decrease) in Net Assets Before Capital Contributions and Transfers	13,138	(217,002)	(66,092)	(284,784)	-	(433,371)
Capital Contributions	-	-	720,372	-	-	1,218,948
Increase (Decrease) in Net Assets	13,138	(217,002)	654,280	(284,784)	-	798,574
Equity Transfers	-	-	(654,280)	-	-	-
Net Assets, Beginning	5,478	3,558,082	-	1,144,892	-	27,024,897
Net Assets, Ending	\$ 18,614	\$ 3,339,080	\$ -	\$ 859,908	\$ -	\$ 27,811,571

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT**  
**SHREVEPORT, LOUISIANA**  
**SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**EXPENDITURES**

Low Rent Public Housing Expenditures Total CFDA Number 14.850a	<u>\$ 2,024,566</u>
Section 8 New Construction Total CFDA Number 14.182	<u>541,828</u>
Section 8 Housing Choice Vouchers Total CFDA Number 14.871	<u>12,779,202</u>
Public Housing Capital Fund Program Total CFDA Number 14.872 (CFP Cluster)	<u>604,456</u>
Public Housing Capital Fund Stimulus Recovery Act Fund Total CFDA Number 14.885 (CFP Cluster)	<u>747,711</u>
<b>TOTAL FEDERAL EXPENDITURES</b>	<b><u>\$ 16,697,763</u></b>

**Basis of Presentation:**

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

## FINANCIAL DATA SCHEDULE

[illegible]

## FINANCIAL DATA SCHEDULE

[illegible]

**SEPTEMBER 30, 2011**[illegible]

**SEPTEMBER 30, 2011**

MARKS	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
MARKS	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	241																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														





**SEPTEMBER 30, 2011**

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THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2011

**Section I: Summary of Auditor's Results:**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:

Unqualified

Internal Control over financial reporting:

Are material weaknesses identified?

☐ Yes

☒ No

Are significant deficiencies that are not considered  
to be material weaknesses identified?

☒ Yes

☐ None  
Reported

Is noncompliance that could have a material effect  
on the financial statements identified?

☐ Yes

☒ No

**FEDERAL AWARDS**

Internal control over major programs:

Are material weaknesses identified?

☐ Yes

☒ None

Are significant deficiencies that are not considered  
to be material weaknesses identified?

☐ Yes

☒ None  
Reported

Type of report issued on compliance with requirements  
applicable to each major program:

Unqualified

Are there any audit findings that are required to be  
reported in accordance with Section 510(a) of OMB  
Circular A-133?

☒ Yes

☐ No

Identification of major programs:

**Name of Federal Program**

**CFDA No.**

Low Rent Public Housing

14.850a

Housing Choice Vouchers

14.871

Public Housing Capital Fund Program

14.872

Public Housing Capital Fund Stimulus Recovery Act Funded

14.885

Dollar threshold used to distinguish between type A and type B programs: \$500,933

Is the auditee identified as a low-risk auditee?

☐ Yes

☒ No

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2011

**Section II: Financial Statement Findings:**

**Prior Year Findings and Questioned Costs**

**Finding 10-01 – Cash Receipts**

**Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2010**

**Criteria:**

The Authority must comply with all HUD regulations regarding standards for financial management systems found in 24CFR Part 85, Section 85.20. Such regulations require standards for financial management systems as follows:

1. Accounting Records
2. Internal Control
3. Budget Control
4. Allowable Cost
5. Source Documentation
6. Cash Management

In addition, per the Government Auditing Standards January 2007 Revision (GAO-07-162G), Section 5.13; "Auditors should include all significant deficiencies in the auditors' report on internal control over financial reporting and indicate those that represent material weaknesses."

**Condition and Cause:**

A random sample of 40 receipts was selected from the Authority's tenant's cash receipts for the fiscal year and the receipt amounts are traced to the general ledger and to the bank statement to verify that the receipts are recorded properly and deposited timely. Of the 40 sample items selected, the Authority was unable to provide back-up documentation for 2 of the receipts and the auditors were unable to verify that the items had been either properly recorded or deposited.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend that the Authority review procedures for receiving and depositing cash receipts with appropriate personnel and ensure that cash is properly recorded and deposited.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT**

**SHREVEPORT, LOUISIANA**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

**SEPTEMBER 30, 2011**

**Section II: Financial Statement Findings - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-01 – Cash Receipts - continued**

**Current Year Status:**

Auditors selected a sample of 40 items from the Authority's tenant cash receipts to the fiscal year. The Authority was able to provide back-up for all 40 of the sample items selected.

This Finding is not repeated in the current year.

**Finding 10-02 – Timely Completion and Submission of the Annual Audit**

**Criteria:**

Pursuant to the requirements of Louisiana Revised Statute 24:513, the Authority is required to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Louisiana Legislative Auditor's Office.

**Condition and Cause:**

The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Legislative Auditor's Office.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend that the Authority review procedures in order to insure the timely completion of financial records and the submission of the annual audit report.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2011

**Section II: Financial Statement Findings - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-02 – Timely Completion and Submission of the Annual Audit - continued**

**Current Year Status:**

The Authority once again in the current year under audit failed to make financial records available to the auditors in a timeframe that would allow the Authority to meet the Louisiana Governmental Audit Guide and Legislative Auditor's Office requirement of filing the audit within six months of the end of the fiscal year.

This Finding is repeated in the current year. See Finding 11-02.

**Current Year Findings and Questioned Costs**

**Finding 11 – 01 – Internal Control and Financial Management Systems**

**Section 8 New Construction – CFDA No. 14.182; Grant period – year ended September 30, 2011**

**Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2011**

**Moderate Rehabilitation – CFDA No. 14.856; Grant period – year ended September 30, 2011**

**Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2011**

**Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2011**

**Public Housing Capital Fund Stimulus Recovery Act – CFDA No. 14.885 Grant Period – year ended September 30, 2011**

**Business Activities – year ended September 30, 2011**

**Criteria:**

The Authority must comply with all HUD regulations regarding standards for financial management systems found in 24CFR Part 85, Section 85.20. Such regulations require standards for financial management systems as follows:

1. Accounting Records
2. Internal Control
3. Budget Control
4. Allowable Cost
5. Source Documentation
6. Cash Management

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2011

**Section II: Financial Statement Findings - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11 - 01 - Internal Control and Financial Management Systems - continued**

In addition, per the Government Auditing Standards January 2007 Revision (GAO-07-162G), Section 5.13; "Auditors should include all significant deficiencies in the auditors' report on internal control over financial reporting and indicate those that represent material weaknesses."

**Condition and Cause:**

A review of the Authority's internal control and financial management systems during the audit period revealed the following significant deficiencies that represent material weaknesses:

1. The Board of Commissioners did not receive sufficient financial information during the year.
2. The Authority had a significant back log in its accounting during the audit period. There were no financial statements for most of the audit period.
3. The Authority did not monitor actual expenses as compared to the operating budget during the audit period.
4. The Authority failed to maintain bank reconciliations during the audit period.
5. Equity accounts did not roll forward from the previous year.
6. The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Legislative Auditor's Office.

**Recommendation:**

We recommend the establishment of procedures to ensure that Authority operations, that may affect the accuracy and consistency of financial reporting, are communicated to the finance department and accounted-for properly. A review of the general ledger should be performed on a regular basis to assure Authority financial operations are accounted-for and reported in accordance with generally accepted accounting principles. We recommend the execution of established financial internal control procedures to ensure significant general ledger accounts are reconciled to accounting records such as subsidiary ledgers and bank and investment statements on a regular basis and invoices are paid properly. In addition, we recommend that accurate and reliable financial information be presented to the Board of Commissioners on a timely and regular basis.

**Reply**

It is the intent of the Authority to incorporate new procedures to strengthen the internal controls of the finance department. Richard Herrington, Executive Director, has assumed the responsibility of executing this corrective action plan and expects this situation to be resolved in the current fiscal year.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2011

**Section II: Financial Statement Findings - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11-02 – Timely Completion and Submission of the Annual Audit**

**Criteria:**

Pursuant to the requirements of Louisiana Revised Statute 24:513, the Authority is required to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Louisiana Legislative Auditor's Office.

**Condition and Cause:**

The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Legislative Auditor's Office.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend that the Authority review procedures in order to insure the timely completion of financial records and the submission of the annual audit report.

**Reply:**

Richard Herrington, Executive Director indicates that the Authority will review procedures involving the timely completion of financial records and submitting of audit reports.

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

**SEPTEMBER 30, 2011**

**Section III: Federal Award Findings and Questioned Costs:**

**Prior Year Findings and Questioned Costs**

**Finding 10 – 03 – Housing Choice Vouchers Tenant Files**

**Housing Choice Vouchers – CFDA 14.871; Grant period – Year ended September 30, 2010**

**Criteria:**

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

**Condition & Cause:**

A current year review of tenant files revealed a situation of continued errors and omissions in most of the files that leads to incomplete tenant documentation. The results of the review are as follows:

- 1) Of the 40 tenant files reviewed, 3 did not contain HUD form 50058
- 2) Of the 40 tenant files reviewed, 2 did not contain HUD form 9886
- 3) Of the 40 tenant files reviewed, 5 did not contain an approved lease
- 4) Of the 40 tenant files reviewed, 2 did not contain documentation of 3<sup>rd</sup> party income verifications which were used for rent calculations
- 5) Of the 40 tenant files reviewed, 5 did not contain current HAP contracts
- 6) Of the 40 tenant files reviewed, 8 did not contain documentation of rent reasonableness
- 7) Of the 40 tenant files reviewed, 5 did not contain documentation of an annual reexamination

**Questioned Costs – Not determinable**

**Recommendation:**

We recommend that the Authority utilize a standard filing system based upon a checklist and issue this to all required personnel. We recommend that supervisors and managers review on a regular monthly basis a random sample of all files to determine compliance with federal guidelines and the Authority's policy.



**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

**SEPTEMBER 30, 2011**

**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10 - 03 - Housing Choice Vouchers Tenant Files - continued**

**Current Year Status:**

During the audit, the Auditors reviewed forty Housing Choice Voucher tenant files. In the sample tested, one file was missing a third party income verification form which the Authority will obtain. It was apparent that the Authority has made a strong effort to correct the errors and omissions in the Housing Choice Voucher tenant files.

This Finding is not repeated in the current year.

**Finding 10 - 04 - Section 8 HQS Inspection Deficiencies**

**Housing Choice Vouchers - CFDA No. 14.871; Grant period - year ended September 30, 2010**

**Criteria:**

The Annual Contributions Contract, OMB Circular A-87, Allowable Cost Principles, and HUD Accounting guidelines were used as the authoritative literature in determining this finding. 24CFR Part 982 gives the requirements for appropriate payments from authorized receipts, and compliance with the housing assistance payments contract. The annual contributions contract also specifically requires appropriate internal controls be established to safeguard assets.

**Condition & Cause:**

HQS inspections were tested for compliance in the current fiscal year. Of the 19 failed HQS inspections selected for review: 11 units were not re-inspected within the 30 day requirement; 4 units were never inspected at all during the year under audit; 1 unit was never re-inspected after the initial failed inspection; and 1 unit was never abated and the Authority continued to make HAP payments to the landlord/tenant even after the unit continued to fail inspection.

**Questioned Costs - None Identified**

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2011

**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10 - 04 - Section 8 HQS Inspection Deficiencies - continued**

**Recommendation:**

We recommend the Authority strengthen its internal controls in relation to the HQS inspection and re-inspection process. It is also recommended that the Authority review the units put into abatement for the year ended September 30, 2010 to ensure HAP payments were not spent on these units. We further recommend the Authority seek repayment from the landlord found to be in receipt of ineligible HAP payments.

**Current Year Status:**

The Auditors reviewed a sample of 40 Housing Choice Voucher tenant files. Of the 40 items in the sample, Eleven HQS inspection failures were not re-inspected within the 30-day timeframe required, and one of the sample files reviewed did not contain an HQS Inspection form for the audit year.

This Finding is repeated in the current year. See Finding 11-03.

**Finding 10-05 - SEMAP Certification**

Housing Choice Vouchers- CFDA No. 14.871; Grant period - year ended September 30, 2009

**Criteria:**

The Code of Federal Regulations and HUD guidelines give the requirements related to the Section Eight Management Assessment Program (SEMAP) for Public Housing Agencies. Specifically, 24CFR Part 985 gives the requirements in relation to the SEMAP certification. SEMAP is used to remotely measure the Authority's performance and administration of the Housing Choice Vouchers program. SEMAP uses HUD's national database of tenant information and information from audits conducted annually by independent auditors. HUD will annually assign each Authority a rating on each of the 14 indicators and an overall performance rating of high, standard or troubled. Metropolitan Authorities will also be able to earn bonus points for their achievements in encouraging assisted families to choose housing in low poverty areas.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-05 – SEMAP Certification - continued**

**Condition & Cause:**

During the current year audit, the SEMAP Certification was tested for validity. Based on the test performed, the SEMAP appeared to agree to the supporting documentation provided by the Authority; however, the Authority's SEMAP status for the year ending September 30, 2009 was ruled to be troubled by HUD and, in accordance with 24 CFR 985.105, HUD cannot change the Authority's status until an on-site confirmatory review is conducted.

**Questioned Costs – None Identified**

**Recommendation:**

The Authority should contact HUD and schedule the on-site confirmatory review so that the troubled status can be reversed.

**Current Year Status:**

An on-site SEMAP review was performed by a representative of the New Orleans Hub Office of Public Housing in September of 2011. The Authority received an overall SEMAP review rating of "Standard Performer" and is no longer in "troubled" status.

This Finding is not repeated in the current year.

**Finding 10-06 – Housing Choice Vouchers Waiting List**

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2010

**Criteria:**

The Code of Federal Regulations provides guidance on the Housing Choice Vouchers waiting list. Specifically, 24 CFR Part 982 provides the compliance requirements for administration of the Housing Choice Vouchers waiting list.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-06 -- Housing Choice Vouchers Waiting List - continued**

**Condition & Cause:**

In follow up from the Section 8 Management Assessment Program (SEMAP) review performed by HUD in March of 2009, HUD acknowledged in a letter, dated September 8, 2010, that the Authority had recently begun working on updating the Housing Choice Voucher waiting list; however, no applicants from that list had been housed in the fiscal year of October 1, 2009 through September 30, 2010. Since no tenants have been housed from the waiting list for the period being audited, auditors are unable to determine whether the Authority is in compliance with its waiting list procedures.

**Questioned Costs -- None Identified**

**Recommendation:**

We recommend that the Authority continuing its work to strengthen their control systems in relation to the Housing Choice Voucher waiting list.

**Current Year Status:**

Auditors compared the Authority's Housing Choice Voucher waiting list to its move-in list for the period under audit. No discrepancies were noted between the two lists.

This Finding is not repeated in the current year.

**Finding 10-07 -- American Recovery and Reinvestment Act reporting**

ARRA Public Housing Capital Fund Program Recovery Act-- CFDA No. 14.885; Grant period -- year ended September 30, 2010

**Criteria:**

Section 1512 of the American Recovery and Reinvestment Act of 2009 (ARRA) requires that the Authority provide the OMB with detailed information on the projects and activities funded by the Recovery Act. The reporting (referred to as 1512 reports) is to be made quarterly beginning in October 2009.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-07 – American Recovery and Reinvestment Act reporting - continued**

**Condition & Cause:**

The auditor requested the 1512 reports for the quarters ending December 2009, March 2010, June 2010 and September 2010; however, the Authority was unable to provide the reports for the periods requested.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend that the Authority begin submitting the reports required by the Recovery Act and to maintain a copy of each report submitted and the supporting documentation as required.

**Current Year Status:**

The Authority was able to provide the auditors with all four quarters of the 1512 reports for the year under audit. No discrepancies were noted between the 1512 reports and the back-up documentation.

This Finding is not repeated in the current year.

**Finding 10 – 08 – Low Rent Public Housing Tenant Files**

**Low Rent Public Housing – CFDA 14.850a: Grant period – Year ended September 30, 2010**

**Criteria:**

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR, Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10 - 08 - Low Rent Public Housing Tenant Files - continued**

**Condition & Cause:**

A current year review of tenant files revealed a situation of continued errors and omissions in most of the files that leads to incomplete tenant documentation. The results of the review are as follows:

- 1) Of the 40 tenant files reviewed, 6 did not contain HUD form 50058
- 2) Of the 40 tenant files reviewed, 4 had incorrect information on the HUD form 50058
- 3) Of the 40 tenant files reviewed, 2 did not contain HUD form 9886
- 4) Of the 40 tenant files reviewed, 2 did not contain documentation of 3<sup>rd</sup> party income verifications which were used for rent calculations
- 5) Of the 40 tenant files reviewed, 3 had no projected annual income
- 6) Of the 40 tenant files reviewed, 2 had no calculation for deductions for handicapped tenants
- 7) Of the 40 tenant files reviewed, 3 did not determine family unit size
- 8) Of the 40 tenant files reviewed, 7 had no lead paint disclosures
- 9) Of the 40 tenant files reviewed, 15 had no community service requirement form
- 10) Of the 40 tenant files reviewed, 1 did not contain documentation of an annual reexamination

**Questioned Costs - None Identified**

**Recommendation:**

We recommend that the Authority utilize a standard filing system based upon a checklist and issue this to all required personnel. We recommend that supervisors and managers review on a regular monthly basis a random sample of all files to determine compliance with federal guidelines and the Authority's policy.

**Current Year Status:**

During the audit, the auditors selected a sample of 40 tenant files for review. Of the 40 items in the review, all appeared to be in compliance with federal guidelines and the Authority's policy for document retention.

This Finding is not repeated in the current year.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-09 – Low Rent Public Housing Waiting List**

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2010

**Criteria:**

The Code of Federal Regulations provides guidance on the Low Rent Public Housing waiting list. Specifically, 24 CFR Part 960.206 and 960.208 provides the compliance requirements for administration of the Low Rent Public Housing waiting list.

**Condition & Cause:**

A sample of eight applicants was taken from the Low Rent waiting list. Of the eight sample items selected, an application file could not be located for two of the applicants and four applicants sampled had either been housed or withdrawn from the list in prior fiscal years. Based on the test sample, the auditor determined that the Low Rent Public Housing is not maintaining an up-to-date waiting list nor is the required application information being maintained for all applicants.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend that the Authority create procedures to strengthen their control systems in relation to the Low Rent Public Housing waiting list.

**Current Year Status:**

Auditors compared 10 applications from the waiting list to the move-in list. Of the 10 items in the sample, 2 were removed from the waiting list after an offer for housing had been made but no explanations for the withdrawal of the housing offers were in the system. A third applicant appeared to never have had their application processed or reviewed.

This Finding is repeated in the current year. See Finding 11-04.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-10 – Mismanagement of ARRA Funds**

American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2010

**Criteria:**

In 2009, the President signed the American Recovery and Reinvestment Act of (ARRA) into Law. The Act provided \$4 billion for public housing agencies to carry out capital and management activities, including modernization and development of public housing. The Act required public housing agencies to obligate 100 percent of the funds within one year of the date on which funds became available to the agency for obligation and to expend 60 percent of the funds within two years and 100 percent within three years of the obligation availability date.

**Condition and Cause:**

During the period being audited, the Office of Inspector General (OIG) performed an audit on the Authority's American Recovery and Reinvestment Act (ARRA) program and released its findings in a report dated October 14, 2010. In the report, the OIG concluded that the Authority had mismanaged its ARRA funds by entering into imprudent contracts in order to meet the obligation deadlines and, in addition, the Authority could not provide assurance that said contracts were properly awarded or managed. The OIG made the recommendation to the Director of Public and Indian Housing, New Orleans, LA to:

1. Require the Authority to de-obligate \$1,147,670 in ARRA funds that were allocated to the Wilkerson Terrace site, and
2. To recapture and rescind the de-obligated funds and deposit those funds with the U.S. Treasury in accordance with the Recovery Act, as amended.

**Condition and Cause – Continued**

As of the audit date, no funds have been de-obligated nor has the Authority been notified that the funds will be recaptured; however, the Authority is no longer able to draw on the ARRA funds until the issue has been resolved.

**Questioned Costs – \$1,147,670**



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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-10 – Mismanagement of ARRA Funds - continued**

**Recommendation:**

We recommend that the Authority continue to work with the appropriate HUD officials to resolve the issue.

**Current Year Status:**

The Authority has complied with all the requirements that OIG and HUD has requested; however, no final decision has been reached by the OIG.

This Finding is repeated in the current year. See Finding 11-05.

**Finding 10-11 – Replacement Housing Mismanagement of Funds**

Capital Fund Program – Replacement Housing Factor (RHF) - CFDA No. 14.872; Grant period – year ended September 30, 2010

**Criteria:**

The Capital Fund formula rule at 24 Code of Federal Regulations (CFR), section 905.10(l) provides that an Authority may receive RHF funding for public housing units demolished or sold for a period of up to five years. The Authority may only develop or acquire public housing rental units with RHF funds, and all replacement housing must be undertaken in accordance with public housing development regulations found at 24 CFR, part 941.

**Condition and Cause:**

The auditors were notified that the funds expended for Capital Fund Program – Replacement Housing Factor grants 501.07 and 501.08, (grant amounts of \$396,213 and \$317,041, respectfully) were expended inappropriately. The funds had not been expended to develop or acquire new public housing rental units as stated by the grant requirements, but instead, had been used to modify existing public housing properties.

**Questioned Costs – \$713,254**

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-11 – Replacement Housing Mismanagement of Funds - continued**

**Recommendation:**

We recommend that the Authority notify their local HUD office of the problem and receive guidance as how to proceed.

**Current Year Status:**

The mismanagement of the Replacement grant funds took place under a previous administration at the Authority. The current administration has notified the New Orleans HUD Office of the mismanagement of the funds and requested that the New Orleans HUD Office notify the Authority on how to proceed to correct the issue. As of the audit date, no corrective plan has been determined.

This Finding is repeated in the current year. See Finding 11-06.

**Finding 10-12 – Housing Choice Vouchers – Fraud**

**Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2010**

**Criteria:**

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-12 – Housing Choice Vouchers – Fraud - continued**

**Condition & Cause:**

During the fiscal year, someone was able to enter the Authority's Housing Choice Voucher computer and was able to reactivate some former tenants and a former landlord. The individual committing the fraud then altered the former landlord's bank routing number in the system. The changes allowed the individual committing the fraud to receive rental assistance payments for the former tenants, via bank transfer, into an account that they had set-up, while making it appear that the payments were being made to a legitimate landlord. The fraud amounted to \$2,555 a month for seven months (for a total of \$17,885) before the Authority detected the fraud and stopped the payments.

At present, the Authority does not know who committed the fraud; however, since the individual who committed the fraud had access to the system code, it is thought that it might be an employee of the software vendor. The Authority has the routing number of the account where the funds were forwarded and are actively pursuing the investigation.

**Questioned Costs – \$17,885**

**Recommendation:**

We recommend that the Authority continue its investigation to locate the individual who committed the fraud and attempt to prosecute the individual and/or reimbursement of the funds stolen.

**Current Year Status:**

During the investigation, it was determined that this type of fraud had occurred at several other Authorities (all of whom used the same software vendor). The fraud was eventually traced to the owner of the software vendor. At present, the software vendor has been barred from doing business with HUD Agencies. The State of Maryland's Attorney General Office (the vendor's home state) is currently handling the investigation of the vendor.

This Finding is not repeated in the current year.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-13 – Section 3 Summary Report – Economic Opportunities for Low Income Persons**

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2010  
Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2010  
American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2010

**Criteria:**

The filing of Form HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low – and Very Low – Income Persons* (OMB No. 2529-0043) is required by the Code of Federal Regulations and HUD guidelines as to performance reporting. Specifically, HUD regulations 24 CFR sections 135.3(a) 135.90 require that for each public and Indian housing grant that involves developing, operating, or modernization assistance, the prime recipient must submit Form HUD 60002.

**Condition & Cause:**

During audit fieldwork, the Capital Fund, Capital Fund – Recovery Act and the Public Housing programs were audited for compliance with the requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. As part of the audit, auditors requested Section 3 Summary Reports (Form HUD 60002) for each of the aforementioned federal programs. Authority management was unable to provide the Reports upon request.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend the Authority complete and submit these reports to HUD as required; and maintain the reports and supporting documentation for audit.

**Current Year Status:**

Auditors requested the Form HUD 60002 from the Authority for the period under audit. The Authority was unable to provide the document.

This Finding is repeated in the current year. See Finding 11-07.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-14 – Environmental Review Compliance Requirement**

Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2010  
American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2010

**Criteria**

An environmental review must be completed for any project or activities (including those projects or activities funded by ARRA) before a recipient may acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds. Environmental review procedures for entities who are assuming HUD's environmental responsibilities are contained in 24 CFR, part 58. An environmental assessment must be prepared for an activity unless the recipient determines that the activity met a criterion specified in the regulations that would exempt or exclude it from Request for Release of Funds (RROF) and environmental certification requirements (24 CFR sections 58.34 and 58.35). If the responsible entity determines that a project or activity is exempt, it must document in writing its determination for the exemption demonstrating how the conditions specified for exemption are met. Neither a recipient nor any participant in the project, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance until HUD has approved the recipient's RROF and the related certification from the responsible entity (24 CFR, section 58.22).

**Condition & Cause:**

During audit fieldwork, the Capital Fund and Capital Fund – Recovery Act programs were audited for compliance with the requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. As part of the audit, auditors requested environmental reviews for each of the aforementioned federal programs. Authority management was unable to provide the Reports upon request.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend the Authority complete the required environmental reviews as required by HUD, and maintain the reports and supporting documentation for audit.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Prior Year Findings and Questioned Costs - continued**

**Finding 10-14 – Environmental Review Compliance Requirement - continued**

**Current Year Status:**

During the year under review, the Authority had no contracts that required an environmental study be performed. The Authority's Executive Director stated that, since the project is within the city limits of Shreveport, Louisiana, the Authority was able to use the City's environmental study for the project.

Since the Authority was able to use the City's environmental study and no contracts requiring a new study existed in the September 30, 2011 audit period, this Finding is not repeated.

**Current Year Findings and Questioned Costs**

**Finding 11 – 03 – Section 8 HQS Inspection Deficiencies**

**Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2011**

**Criteria:**

The Annual Contributions Contract, OMB Circular A-87, Allowable Cost Principles, and HUD Accounting guidelines were used as the authoritative literature in determining this finding. 24CFR Part 982 gives the requirements for appropriate payments from authorized receipts, and compliance with the housing assistance payments contract. The annual contributions contract also specifically requires appropriate internal controls be established to safeguard assets.

**Condition & Cause:**

HQS inspections were tested for compliance in the current fiscal year. Of the 14 failed HQS inspections selected for review: 11 units were not re-inspected within the 30 day requirement; and 1 unit did not have evidence that it had been inspected during the audit period.

**Questioned Costs – None Identified**

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11 - 03 - Section 8 HQS Inspection Deficiencies - continued**

**Recommendation:**

We recommend the Authority strengthen its internal controls in relation to the HQS inspection and re-inspection process. It is also recommended that the Authority review the units put into abatement for the year ended September 30, 2011 to ensure HAP payments were not spent on these units. We further recommend the Authority seek repayment from the landlord found to be in receipt of ineligible HAP payments.

**Reply:**

The Authority has made staffing changes at the senior management level for Housing Choice Vouchers and is in the process of strengthening its internal controls. The staffing changes and additional internal controls will correct the failure to meet the HQS re-inspection requirements.

**Finding 11-04 - Low Rent Public Housing Waiting List**

**Low Rent Public Housing - CFDA No. 14.850a; Grant period - year ended September 30, 2011**

**Criteria:**

The Code of Federal Regulations provides guidance on the Low Rent Public Housing waiting list. Specifically, 24 CFR Part 960.206 and 960.208 provides the compliance requirements for administration of the Low Rent Public Housing waiting list.

**Condition & Cause:**

A sample of eight applicants was taken from the Low Rent waiting list. Of the eight sample items selected, an application file could not be located for two of the applicants and four applicants sampled had either been housed or withdrawn from the list in prior fiscal years. Based on the test sample, the auditor determined that the Low Rent Public Housing is not maintaining an up-to-date waiting list nor is the required application information being maintained for all applicants.

**Questioned Costs - None Identified**

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11-04 – Low Rent Public Housing Waiting List - continued**

**Recommendation:**

We recommend that the Authority create procedures to strengthen their control systems in relation to the Low Rent Public Housing waiting list.

**Reply:**

The Authority has sent notifications to all public housing waiting list applicants identified in the waiting list system. Those persons who did not respond were removed from the list. The Authority has also transferred the pre-leasing functions to administrative staff in order to ensure better consistency in the process.

**Finding 11-05 – Mismanagement of ARRA Funds**

American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2010

**Criteria:**

In 2009, the President signed the American Recovery and Reinvestment Act of (ARRA) into Law. The Act provided \$4 billion for public housing agencies to carry out capital and management activities, including modernization and development of public housing. The Act required public housing agencies to obligate 100 percent of the funds within one year of the date on which funds became available to the agency for obligation and to expend 60 percent of the funds within two years and 100 percent within three years of the obligation availability date.



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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11-05 – Mismanagement of ARRA Funds - continued**

**Condition and Cause:**

During the period being audited, the Office of Inspector General (OIG) performed an audit on the Authority's American Recovery and Reinvestment Act (ARRA) program and released its findings in a report dated October 14, 2010. In the report, the OIG concluded that the Authority had mismanaged its ARRA funds by entering into imprudent contracts in order to meet the obligation deadlines and, in addition, the Authority could not provide assurance that said contracts were properly awarded or managed. The OIG made the recommendation to the Director of Public and Indian Housing, New Orleans, LA to:

1. Require the Authority to de-obligate \$1,147,670 in ARRA funds that were allocated to the Wilkerson Terrace site, and
2. To recapture and rescind the de-obligated funds and deposit those funds with the U.S. Treasury in accordance with the Recovery Act, as amended.

As of the audit date, the Authority has complied with all the requirements that the OIG and HUD has requested; however, no final decision has been reached by the OIG on a resolution of the issue.

**Questioned Costs – \$1,147,670 (none during the September 30, 2011 audit period)**

**Recommendation:**

We recommend that the Authority continue to work with the appropriate HUD officials to resolve the issue.

**Reply:**

The Authority has complied with all the requirements that OIG and HUD has requested. The Authority has also revised its Procurement Policy and provided additional training to procurement staff. The Authority is now waiting for the OIG to make a final decision on the matter.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11-06 – Replacement Housing Mismanagement of Funds**

Capital Fund Program – Replacement Housing Factor (RHF) - CFDA No. 14.872; Grant period – year ended September 30, 2010

**Criteria:**

The Capital Fund formula rule at 24 Code of Federal Regulations (CFR), section 905.10(i) provides that an Authority may receive RHF funding for public housing units demolished or sold for a period of up to five years. The Authority may only develop or acquire public housing rental units with RHF funds, and all replacement housing must be undertaken in accordance with public housing development regulations found at 24 CFR, part 941.

**Condition and Cause:**

The auditors were notified that the funds expended for Capital Fund Program – Replacement Housing Factor grants 501.07 and 501.08, (grant amounts of \$396,213 and \$317,041, respectfully) were expended inappropriately. The funds had not been expended to develop or acquire new public housing rental units as stated by the grant requirements, but instead, had been used to modify existing public housing properties.

The New Orleans HUD Office has been notified of the mismanagement of the RHF funds by the previous management. The New Orleans HUD Office is to guide the Authority on how to proceed on the issue; however, no corrective action have presently been determined.

**Questioned Costs – \$713,254 (none in the September 30, 2011 audit period)**

**Recommendation:**

We recommend that the Authority continue working with the New Orleans HUD Office on how to proceed to resolve the issue.

**Reply:**

The Authority has contacted the New Orleans HUD Office, and is, at present, waiting for guidance as to how to proceed.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11-07 – Section 3 Summary Report – Economic Opportunities for Low Income Persons**

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2011

Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2011

American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2011

**Criteria:**

The filing of Form HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low – and Very Low – Income Persons* (OMB No. 2529-0043) is required by the Code of Federal Regulations and HUD guidelines as to performance reporting. Specifically, HUD regulations 24 CFR sections 135.3(a) 135.90 require that for each public and Indian housing grant that involves developing, operating, or modernization assistance, the prime recipient must submit Form HUD 60002.

**Condition & Cause:**

During audit fieldwork, the Capital Fund, Capital Fund – Recovery Act and the Public Housing programs were audited for compliance with the requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. As part of the audit, auditors requested Section 3 Summary Reports (Form HUD 60002) for each of the aforementioned federal programs. Authority management was unable to provide the Reports upon request.

**Questioned Costs – None Identified**

**Recommendation:**

We recommend the Authority complete and submit these reports to HUD as required, and maintain the reports and supporting documentation for audit.

**Reply:**

The Authority is in the process of updating and improving its operating policies. The proper submission and timing of reports to HUD are to be addressed in the new policies.

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**Section III: Federal Award Findings and Questioned Costs - continued:**

**Current Year Findings and Questioned Costs - continued**

**Finding 11 - 08 - Form HUD-52723 Calculation of Operating Subsidy and Form HUD-52722  
Calculating Allowable Utility Expense**

Low Rent Public Housing - CFDA No. 14.850a; Grant period - year ended September 30, 2011

**Criteria:**

Section 9(f) of the United States Housing Act of 1937, as amended, and by 24 CFR Part 990 HUD Regulations, establishes an Operating Fund for the purpose of making assistance available to public housing agencies (PHA's) which assistance is determined using a formula approach under the Operating Fund program. PHA's are required to compute their operating subsidy eligibility by completing various HUD prescribed forms, of which are Forms HUD-52723 and HUD-52722.

**Condition & Cause:**

During audit fieldwork, the Auditor requested and received Forms HUD-52723 *Calculation of Operating Subsidy* and HUD-52722 *Calculating Allowable Utility Expense* from the Authority; however, the Authority was not able to provide back-up documentation on how the values on the Forms were calculated. Therefore, the Auditor was unable to perform the required testing of the Forms.

**Questioned Costs - None Identified**

**Recommendation:**

We recommend the Authority maintain all reports and the supporting documentation for audit.

**Reply:**

The Forms were completed by the former Finance Director, and it is unknown if he maintained back-up for the preparation of the Form. The new Finance Director is aware of the necessity to maintain supporting documentation and is committed to doing so.

# YEAGER & BOYD

## CERTIFIED PUBLIC ACCOUNTANTS

Member American Institute of Certified Public Accountants  
Member Alabama Association of Certified Public Accountants  
Quality Reviewed

Richard Herrington, Executive Director  
Board of Commissioners  
The Housing Authority of the City of Shreveport  
Shreveport, Louisiana

Re: Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*

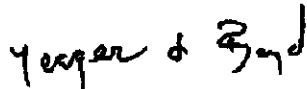
Dear Director and Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of the City of Shreveport as of and for the year ended September 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of Board of Commissioners, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

  
Yeager & Boyd, LLC  
Birmingham, Alabama  
June 22, 2012

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**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

Board of Commissioners  
The Housing Authority of the City of Shreveport  
Shreveport, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below as they are a required part of the audit engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of The Housing Authority of the City of Shreveport is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of The Housing Authority of the City of Shreveport and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about The Housing Authority of the City of Shreveport's compliance with certain laws and regulations during the fiscal year beginning October 1, 2010 and ending September 30, 2011 included in the *Louisiana Compliance Questionnaire*.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose..

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of The Housing Authority of the City of Shreveport and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Birmingham, Alabama  
June 22, 2012

*Yeager & Boyd*  
Yeager & Boyd

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Financial Management**

---

1. Determine if management (chief executive and board members) was presented with timely and accurate monthly financial statements, including budget-to-actual comparisons on (General Fund, Special Revenue Fund, Utility Fund, etc.) of the entity, during the year under examination.

**Condition:**

Discussed with Richard Herrington, Executive Director, and Travis Bogan, Assistant Executive Director the financial reports that were provided to executive management and Board members, during the period of 10/1/10 through 9/30/11, and both Mr. Herrington and Mr. Bogan stated that neither they nor the Board were presented with financial reports during the review period. They both stated that the former Finance Director told them that to produce a monthly financial statement for the Authority would take approximately 180 hours, and that he (the former Finance Director) did not have the time to produce any monthly or quarterly financial statements for the Board or for management.

According to both Mr. Herrington and Mr. Bogan, when the former Finance Director left at the end of June 2011, there was no one to produce financial statements until the new Finance Director arrived in September 2011. When the new Finance Director arrived, she was able to present the Board and management comparative financial statements by the end of her first month in the position.

Neither Mr. Herrington nor Mr. Bogan knew why the previous Finance Director thought that it would take 180 hours to produce financial statements.

**Conclusion:**

Neither management nor Board members were being provided accurate and timely financial reporting during the period being reviewed.

**Response:**

Despite repeated efforts by senior management to obtain accurate financial reports from the previous Finance Director, he insisted that it was impossible to provide financial reports in a timely manner. Therefore, he did not produce any reports for management or the Board.

That Finance Director has been replaced, and she was able to provide the Board with financial statements within weeks of her starting. Since no reports were provided or created by the previous Finance Director, the new Director is working to create a reporting system that will give management and the Board accurate and timely financial information.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Financial Management - Continued**

---

2. If management was deficit spending during the period under examination, determine if there is a formal/written plan to eliminate the deficit spending and whether management is monitoring the plan.

**Condition:**

Discussed deficit spending with Richard Herrington, Executive Director and with Travis Bogan, Assistant Executive Director; the Authority had deficit spending in two areas during the period being reviewed. Those areas were: 1) Section 8 Housing Choice Voucher; and 2) Goodman Plaza AMP.

According to Mr. Herrington and Mr. Bogan, there was no written plan to eliminate the deficit spending in either area; however, the HA did have an unwritten plan, and they were monitoring the situation.

The Unwritten plan for Section 8 Housing Choice Voucher consisted of: 1) eliminating several unnecessary positions; 2) moving the Section 8 Program from their own office space located in a separate building and bringing them into the main Housing Authority office; and 3) increasing the number of participants in the Section 8 program.

The Authority started the plan during the year under review, and during that period, they eliminated several positions of duplicate or unproductive employees. They have also moved the Section 8 program to the main office, thereby, eliminating having to pay for additional office space. And finally, the Authority has replaced the previous Section 8 Director with a new Director. The previous Director added very few participants to the Section 8 program during her eighteen month tenure. However, the new Director is in the process of notifying persons who might potentially qualify for the Section 8 program but are unaware of the qualifications in an effort to bring more eligible participants into the program. For Section 8, the more participants in a program, the more funds HUD allocates for administrative costs.

The deficit in Goodman Plaza is due to the property being old and in disrepair. Several of the units cannot be rented due to the ongoing modernization and rehabilitation.

HUD bases its subsidy to an authority on the number of units rented versus the number of units available; so, the Authority contacted HUD and asked that the mold units be removed from the available units (since the Authority cannot rent those units), but HUD refused. Thereby, the Authority is responsible for the maintenance of the units that cannot be rented but it receives neither rent from a tenant nor subsidy from HUD for those units.



**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Financial Management - Continued**

---

**Condition – continued:**

In order to rectify the situation, the Authority has found a buyer for the Goodman Plaza property. The project is presently for low income elderly persons, and the buyer intends on keeping the property for the low income elderly, thereby, helping to maintain the current culture and demographics of the project.

The Authority is presently in the process of selling the property to the buyer, and, once the sale goes through, the Authority will eliminate the high costs for maintaining the property and even expects to net some income on the sale.

The HA is already seeing improvement on the deficit spending, and it expects the process that they have put into effect to eliminate the deficits within the next year.

**Conclusion:**

The Authority was aware of its deficit spending and was aware of the causes. There was no formal/written plan to eliminate the spending; however, the Authority did have an informal plan, and it has put the plan into action. Despite having no written plan, management and the Board appear to be monitoring the deficit spending and appear to be rectifying the situation.

**Response:**

Management was well aware of the causes of the Authority's deficit spending, and they were in contact with their HUD representation about the problems with Section 8 and Goodman Plaza that caused the deficits. They also believe that the actions that they have taken to reduce administrative spending and increase participation in the Section 8 program and the eventual sale of the Goodman Plaza property will eliminate the deficit spending in the near future.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Financial Management - Continued**

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**3. Determine if there are written policies and procedures for the following financial/business functions of the entity:**

- **Budgeting, including preparing, adopting, monitoring, and amending the budget**
- **Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) checks and balances to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.**
- **Disbursements, including processing, reviewing, and approving**
- **Receipts, including receiving, recording, and preparing deposits**

**Condition:**

**Procedures for Budgeting – The Auditor was unable to locate any written procedures for the budgeting process.**

**Purchasing Procedures – The Authority has a written Procurement Policy that covers purchasing, requests for proposals, when written proposals are required, determining if a vendor is eligible, maintaining bid documents, etc. The policy was just recently revised and appears to be adequate.**

**Disbursements and Receipts - The Auditor was unable to locate any written procedures for disbursements and receipts.**

**The Authority is in the process of updating and revising its written procedures and has hired an outside consultant with a background in HUD to aid in writing the new procedures. The Auditor discussed the updating process with the Authority's Executive Director, Assistant Executive Director and the consultant. The Authority is aware that its written procedures are in need of revision and is in the process of making those revisions.**

**Conclusion:**

**The Authority either does not have or cannot locate many of its policies. The Authority needs to undertake an effort to locate all of its policies and update the policies that are out of date; revise the policies that are no longer applicable; and create policies where none exist.**

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Financial Management - Continued**

---

**Response:**

The Authority is aware that some of its policies and procedures are outdated and inadequate; however, since the arrival of the new Executive Director, the Authority has undertaken an effort to review all of the Authority's policies and procedures. Already, the Authority has rewritten and updated several policies and received approval from the Board on those updates. The Authority has also hired a consultant with a strong HUD background to review the remaining policies, and either update the old policies or create new ones.

Due to the fact that the Authority's previous administration did not put an emphasis on keeping policies up-to-date, this has been a large task that the new management has been working on since its arrival. However, with the arrival of the recently hired consultant, the Authority believes that the problem will be resolved soon.

**Credit Cards**

---

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

[Note: There are three types of credit cards: (1) general (e.g., VISA, MasterCard, etc.), (2) store (e.g., Wal Mart, Office Depot, Sam's Club, etc.); and (3) gasoline (e.g., Fuelman, Exxon, etc.)].

**Condition:**

During the period of review, the Authority had the following credit cards;

- Six Capital One cards (Controlled by senior management.)
- Two Chase Visa cards (Controlled by senior management.)
- Eight Walmart cards (Controlled by project managers and department managers.)
- Eight Sam's cards (Controlled by project managers; however, no purchases can be made on these cards. The cards allow the managers to purchase items and not pay sales tax.)
- Two Lowe's cards (Controlled by senior management.)
- One Exxon card (Controlled by senior management.)
- One Sear's card (Controlled by Purchasing Department.)

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Credit Cards - continued**

---

**Condition - continued:**

- One Office Depot card (Controlled by Purchasing Department.)
- One Home Depot card (Controlled by Purchasing Department.)
- A Fuelman card for each Authority vehicle (Each vehicle has a Fuelman account and each account is limited to twenty gallons per use. The Authority receives statements from Fuelman and tracks the fuel usage and mileage for each vehicle.)
- An account with Kinko's
- The Authority does not have any debit cards.

**Conclusion:**

None

**Response:**

None

2. Obtain and review the entity's written policies and procedures for credit cards (and debit cards if applicable) and determine if the following is addressed:

- How cards are to be controlled
- Allowable business uses
- Documentation requirements
- Required approvers
- Monitoring card usage

**Condition:**

The Auditor received and reviewed a copy of the Authority's Credit Card Policy. The Policy details on the issuance of credit cards, the control of credit cards, approved uses and purchases of credit cards, documentation required for purchases, monitoring of the card's use, etc.

**Conclusion:**

Based on the Auditor's review, the Credit Card Policy approved by the Board appears to be adequate.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

***Credit Cards - continued***

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**Response:**

As previously stated, the Authority is undergoing an effort to review and update all of its policies and procedures. The Credit Card Policy is one of the policies that has recently been updated and approved by the Board.

- 3. Obtain the monthly statements for all credit cards (general, stores, and gasoline) used during the period under examination and select for detailed review, the two largest (dollar amount) statements for each card. (Note: For a debit card, select the two monthly bank statements with the largest dollar amount of debit charges):**

**A. Obtain the entity's supporting documentation for the purchases/charges shown on the selected monthly statements:**

- **Determine if each purchase is supported by:**
  - **An original itemized receipt (i.e., identifies precisely what was purchased)**
  - **Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)**
  - **Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)**
- **Determine if each purchase is:**
  - **In accordance with thresholds or guidelines established in the policies and procedures**
  - **For an appropriate and necessary business purpose relative to the entity**
- **Determine if any purchases were made for personal purposes. If there are purchases made for personal purposes, determine the date(s) of reimbursement.**
- **Determine if any purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).**

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Credit Cards - continued**

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**Condition:**

The Auditor reviewed the payments made to credit cards during the year and selected the two largest statements, as per the agreed upon procedures. The statements selected were for a Chase card with a statement payment of \$9,052.33 and a Capital One card with a statement payment of \$9,383.19. Both cards belonged to the Executive Director and the large dollar amounts of the statements were due to the fact that they included travel to conferences for both the Executive Director and members of his staff (the conference costs on the statements included: airfare, hotel costs, conference fees, meals, etc. for the Executive Director and staff).

Supporting documentation for the expenditures on the statements was reviewed and the following was noted by the Auditor:

- The statements had receipts for each purchase attached to the statement as required by the Credit Card policy. There were no missing receipts.
- Meal receipts included a listing (handwritten on the back of the receipt) of all meal participants and a short description of the purpose of the meal.
- Also, attached to the statements were brochures of the conferences attended that detailed the dates and location of the conference, and the topics to be addressed. The brochures gave the Auditor additional confidence that the conferences appeared to be for legitimate Authority business.
- All the purchases and conferences attended appeared to reasonable to the business of a Public Housing Authority.
- No purchases appeared to be made for personal purposes.
- No purchases appeared to be an attempt to circumvent the Procurement Policy of the Authority or the Louisiana State Bid Law.

**Conclusion:**

Based on the review of the credit card statements in the sample, the Authority appears to be complying with the Credit Card Policy approved by the Board.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Credit Cards - continued**

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**Response:**

The Credit Card Policy is a recently updated policy approved to by the Board. Management is making a strong effort to update and improve all of the Authority's policies and procedures.

- B. Determine If there was any duplication of expenses by comparing all travel and related purchases to the appropriate person's expense reimbursement report(s).**

**Condition:**

No duplication of purchases was noted in the sample of credit card statements reviewed.

**Conclusion:**

None

**Response:**

None

- C. Determine if each monthly credit card statement (including supporting documentation) was reviewed and approved, in writing, by someone other than the person making the purchases. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality.)]**

**Condition:**

According to the Authority's Credit Card Policy, since the two credit cards in the sample were held by the Executive Director, review and approval of the purchases is to be made by the Board Chairman. The procedure for approval was for either the Chairman to physically review the statement and initialing it that he approved, or the statement and accompanying invoices were scanned and sent to the Chairman via e-mail. The Chairman would then send a return e-mail stating that he had reviewed the statements and approved them.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Credit Cards - continued**

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**Condition - continued:**

The e-mails approving the statements in the sample were not attached to the statements; however, the Authority was able to locate the approvals in its e-mail system and provide them to the Auditor. The Auditor made a recommendation, that when approval is via an e-mail, the Authority attach a hardcopy of the e-mail to the statement.

**Conclusion:**

Based on the review of the credit card statements in the sample, the Authority appears to be complying with the Credit Card Policy approved by the Board.

**Response:**

Management is making a strong effort to make all employees aware of the Authority's policies and procedures and that those policies and procedures are adhered to consistently.

**D. Determine if finance charges and/or late fees were assessed on the monthly statements.**

**Condition:**

Finance charges of \$57.69 were noted on one of the statements in the sample. The charges were for a conference that required international travel and the finance charges were for Foreign Transaction Fees. There were no late fees or other finance charges included on the statements in the sample.

Approval for the international trip was approved by the Board of Directors and the approval was documented in the Board Minutes.

**Conclusion:**

Based on the review of the statements in the sample, the Authority appears to be paying credit card invoices in a timely manner and not incurring unnecessary late fees or finance charges.



**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Credit Cards - continued**

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**Response:**

The \$57.69 finance charges were due to international exchange rates outside the control of the Authority. However, the management of the Authority is well aware of its fiduciary responsibility to HUD, its employees, its tenants, and to the taxpayer and strives to meet all financial responsibilities in a timely manner so that the Authority does not incur unnecessary finance charges.

**Travel and Expense Reimbursement**

---

1. Obtain and review the entity's written policies and procedures for travel and expense reimbursement and determine if the following is addressed:
  - Allowable expenses
  - Dollar thresholds by category of expense
  - Documentation requirements
  - Required approvers

**Condition:**

The Auditor obtained and reviewed a copy of the Authority's Travel Policy. The policy addresses all of the items that the agreed upon procedures requested to be reviewed. However, the Policy was passed in 1992 and does not appear to have been up-dated or revised since.

Numerous changes have occurred in the past 20 years to the Authority and to business-type entities in general and the overall all policy does not represent those changes. For example, the Policy states that if an Authority employee uses his/her vehicle to travel, he/she will be paid the mileage rate allowed by the Internal Revenue Service and the Policy states that rate as being \$.28 per mile.

The Authority's Travel Policy is dated and needs to be updated.

**Conclusion:**

The Authority's Travel Policy covers all of the issues that a travel policy should cover; however, the Policy is 20 years old and needs to be reviewed, revised and updated to bring it current.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

***Travel and Expense Reimbursement - continued***

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**Response:**

Management is aware that several of the Authority's policies are out-of-date and need to be revised. The Authority is presently undergoing a review of all its policies and procedures. In order to better facilitate the process, management has hired an outside consultant with a strong financial background and extensive HUD experience to help review the Authority's policies and update those that can be revised or to create new policies where necessary.

This is an issue of which management is well aware and is in the process of correcting.

2. Obtain a listing of all travel and related expense reimbursements during the period under examination and select for review, the one person who was reimbursed the most money:
  - A. Obtain all of the expense reimbursement reports of the selected person, including the supporting documentation, and select the three largest (dollar) expense reports to review in detail (Note: If there are only three or less expense reports, review all (100%) of them.):
    - Determine if each expenditure is:
      - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.)
      - In accordance with thresholds or guidelines established in the policies and procedures
      - For an appropriate and necessary business purpose relative to the travel
    - Determine if each expenditure is supported by:
      - An original itemized receipt (i.e., identifies precisely what was purchased)  
[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
      - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
      - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Travel and Expense Reimbursement - continued**

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- Determine if any of the expenditures were for personal purposes (e.g., extended hotel stays before or after training class, meals for spouses, entertainment, etc.).
- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Condition:**

The Auditor examined travel reimbursements and credit card statements and determined that the three largest travel expenditures were:

- \$4,595.04 for a National Association of Housing and Redevelopment Officials (NAHRO) conference in Reno, Nevada
- \$5,761.48 for the National Association of Housing and Redevelopment Officials (NAHRO) conference in Reno, Nevada
- \$2,019.40 in local travel expenses.

In each case, the travel expenses were paid for on an Authority credit card (The \$4,595.04 and the \$2,019.40 on the Executive Director's credit card, and the \$5,761.48 on the Assistant Director's credit card.), and payments were made to the credit card companies with no funds being reimbursed to the employee. (See the "Credit Card" section above for more information on credit card purchases.)

The NAHRO conference was attended by seven people representing the Authority (the group included both Authority management and Board members), and took place over several days (with attendees staying a varying number of nights). The travel expenses covered included, for all attendees: conference fees, hotel, airfare, meals, etc. Based on the number of attendees to the conference, the costs included, and the number of days at the conference, the travel costs for the NAHRO conference appeared to be reasonable to the Auditor.

The \$2,019.40 for local travel included a Regional NAHRO Council meeting in Grapevine, Texas attended by the Executive that required overnight stay and several business lunches in the Shreveport, Louisiana area (See the "Credit Card" section above for more information on credit card purchases.). All the expenses appeared reasonable to the Auditor.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Travel and Expense Reimbursement - continued**

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**Condition - continued:**

During a review of the travel reimbursements, the Auditor noted:

- The Travel Policy states that the "Executive Director's designee shall be responsible for making all travel arrangements and reservations for SHA employees. The same services will be provided for the Commissioners and Executive Director at their request." Therefore, the handling of the Executive Director and the Assistant Director paying the expenses for the attendees to the NAHRO conference in Reno, appears to be according to policy.
- All travel expenses were at cost and were backed-up with an invoice or other documentation. For instance, the conference fees were backed-up with a notice of the conference that stated the place, the dates, the cost, and the purpose of the conference. There were no per diem reimbursements in the sample reviewed.
- All meals were at cost and tips were reasonable and shown on the receipt. A listing of all persons attending the meal and the purpose of the meal was written on the back of the receipt, as required by the Travel Policy.
- The travel was approved by the Board prior to the trip, and the Chairman reviewed and approved reimbursement of the expenses. According to the Travel Policy, the Executive Director's travel expenses must be approved by the Chairman of the Board. The review was handled according to policy.
- No personal expenses or expenses for spouses were noted in the sample.
- During the review, the Auditor noted two deviations from the Travel Policy:
  - 1) The Travel Policy states that "all out-of-town travel by SHA employees to conferences, meeting or conventions must be pre-approved by the appropriate SHA official as outlined in previous sections of this Travel Policy". The Travel also provides an example of the Request for Travel form that must be submitted for approval.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Travel and Expense Reimbursement - continued**

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**Condition - continued:**

In the sample of travel expenses reviewed, none of them had a Request for Travel form attached. The Auditor discussed the absence with the Executive Director, and he was unaware that there was such a form required. The Auditor also randomly asked other employees of the Authority if they were aware of the required form, and each of them was aware of the form; however, a different form than the one in the Travel Policy is being used.

- 2) The Travel Policy requires that a Tip Log to be kept by the employee travelling, and it is to be submitted with the travel expense voucher. The log is to detail "the date, purpose and amount of the tip". The only tips noted by the Auditor during the review were for meals, and these were all noted and detailed on the receipt; however, the Travel Policy does not provide an exemption for meal tipping. None of the travel expense reimbursements included a tip log.

**Conclusion:**

Based on the review of travel reimbursements, the Authority appears to be maintaining adequate documentation for travel expenses, the travel expenses appear to be reasonable, the Authority appears to be obtaining the proper approval for travel, and performing the proper reviews of the expenses before reimbursement. However, since the Auditor could not be provided with the required Request for Travel form or tip logs, he cannot conclude that the Authority is following the Travel Policy.

The Authority's Travel Policy is 20 years old and needs to be reviewed, revised and updated. Once the Policy has been revised, all employees can be instructed of the revisions.

**Response:**

Once again, the Authority's management is aware that some of its policies and procedures were allowed to become outdate by the previous administration; however, the Authority's current management is making a strong effort to review, revise, and update all of the Authority's policies and procedures. This is currently an ongoing process.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Travel and Expense Reimbursement - continued**

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**B. Determine if there was any duplication of expenses by comparing the expense reports to charges/purchases made on credit card(s).**

**Condition:**

No duplication of expenses was noted in the review.

**Conclusion:**

None

**Response:**

None

**Contracts**

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**1. Obtain and review the entity's written policies and procedures for contracts/contracting, including leasing, and determine if the following is addressed:**

- **Types of services requiring written contracts**
- **Standard terms and conditions**
- **Legal review**
- **Approval process**
- **Monitoring process**

**Condition:**

The Authority provided the Auditor with a copy of its Procurement Policy to review. The policy was revised and updated during the period being reviewed.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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**Condition - continued:**

Included in the Policy are:

- Contracts are monitored by either the Executive Director or a Contracting Officer appointed by the Executive Director. The person monitoring the process is responsible for: 1) making sure that the procurement process is followed; 2) if bids are required, that the proper requirements for bid solicitation are met; 3) that an independent cost estimate is made by the Authority staff; 4) the contract is awarded according to the guidelines set forth in the Policy; 5) that the Authority has the funds to pay for the project; 6) inspecting the work during the process and upon completion; and 6) insuring that payment of the contract is made promptly for contract work accepted.
- That the Authority must adhere to an ethical Code of Conduct, and the policy details the actions that are forbidden in the procurement process (for example: no conflicts of interest or related parties; gratuities and kickbacks are forbidden; etc.).
- A listing of the hierarchy of purchases and the requirements for each level of purchases is provided, as well as, a detailed description of each hierarchical classification and contract type.
  - Micro Purchases are small purchases that do not exceed \$2,000. No competitive price is required if the price is considered reasonable.
  - Small Purchases over \$2,000 but not exceeding \$30,000 require three quotes from bona fide, qualified bidders.
  - Service contracts and Public Works Projects less than \$100,000 also require three quotes from bona fide, qualified bidders.
  - Formal contracts, Materials and Supplies over \$30,000 and Public Works over \$100,000 all require sealed bids.
- The Policy provides details on the sealed bid process. What solicitation and notification for bids is required. The documentation and bonding that a potential contractor must provide. How the bids received will be handled. The process for opening the bids and the selecting the contractor.
- The Policy requires full compliance with both the State of Louisiana Public Bid Law and the Federal standards set forth in 24 CFR 85.36(c). It also requires potential contracts must be determined to be eligible in accordance with HUD regulations (24 CFR Part 24) and in accordance with other Federal agencies (e.g. the Department of Labor).
- All contracts over \$100,000 require approval by the Board of Directors.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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**Conclusion:**

The Authority's Procurement Policy appears to be adequate. It appears to mirror much of the provisions set forth in the State of Louisiana Public Bid Law, and the Policy also appears to comply with the provisions required by the Department of Housing and Urban Development (HUD is the agency that provides the Authority its funding and is the agency to which the Authority must answer.).

**Response:**

The Procurement Policy is one of the policies that has been recently reviewed and revised by Authority management and approved by the Board.

- 2. Determine if the entity has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.**

**Condition:**

The Authority does not have centralized control and oversight of contracts.

When the Department of Housing and Urban Development (HUD) decided to have Authorities implement Asset Management Plans (AMPs), the day-to-day management of the projects were decentralized and pushed out into each project (as required by HUD). At that time, the individual projects took over contracting many of their own services and the contracts for those services are maintained at the individual project sites.

Major contracts that affect the entire Authority or the Central Office are typically maintained at the Central Office. Also, several departments have entered into contracts for things such as maintenance on their copy machines or fax machines; it is unknown what level of oversight is maintained over contracts within the individual departments, or if there is any oversight at all.

**Conclusion:**

The Authority does not have centralized control and oversight of contracts.



**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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**Response:**

When the Department of Housing and Urban Development (HUD) instituted the Asset Management Plan (AMP), it mandated that all Housing Authorities (above a certain unit size) push the management of the Authority's projects out to the project itself. In order to meet that requirement by HUD, the managers of the individual projects are now responsible for maintaining the contracts for their own project instead of contracts being controlled from the central office.

The Authority's management will review the situation of non-centralized contract oversight and find a solution that will provide better oversight but still adhere to the regulations required by HUD.

3. Obtain and review the accounting records (e.g., general ledgers, accounts payable vendor history reports, invoices, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and for each:
  - Determine if there is a formal/written contract that supports the services arrangement and the total amount paid.
  - Determine the business legitimacy of the vendor if not known by the auditor (e.g., look-up the vendor on the LA Secretary of State's website).

**Condition:**

The Auditor reviewed the general ledger, invoices, and payment vouchers from the period under review and determined that the largest contracts paid during that period were to:

- *AT&T Mobility* – for cellular phone service
- *Allied Waste Disposal* – for waste removal
- *Smitherman Law Firm* – for legal services
- *Yeager & Boyd, LLC* – for audit services
- *ALTEC* – for mold inspections

In each case, the Authority has a written contract that describes the services to be performed and the amount to be paid.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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**Condition - continued:**

The Auditor located each vendor on the Louisiana Secretary of State's website with the exception of Yeager & Boyd, LLC, which was approved by the Louisiana Legislative Auditor. Yeager & Boyd, LLC is a well known and well respected accounting firm in the HUD industry with approximately thirty years of experience performing HUD audits and providing financial and other consulting services to housing authorities.

**Conclusion:**

Based on the sample, the Authority appears to be obtaining contact services from only legitimate and respected businesses.

**Response:**

The Procurement Policy is one of the policies recently revised and updated by management and approved by the Board. Management is making an effort to update the Authority's policies and, once passed by the Board, educate all employees on the new policies.

4. Obtain a listing of all active contracts and the expenditures made during the period under examination. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- (1) Services
- (2) Materials and supplies
- (3) Public works

**A. Obtain the selected contracts and the related paid invoices and:**

- Determine if the contract is a related party transaction.
- Determine if the transaction is subject to the Louisiana Public Bid Law:
  - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
  - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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- Determine if the contract was awarded under the *request for proposals* (RFP) method. If done so, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offeror whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the *request for proposals*.
- Determine if the procurement was made "off" state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law). If done so, determine if the board formally adopted the use of the Louisiana Procurement Code (R.S. 39:1551-1755), the set of laws that govern most state agencies' purchases of certain services, materials and supplies, and major repairs.
- Determine if the procurement related to homeland security and was made from federal General Services Administration (GSA) supply schedules. If done so, determine if the entity (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA; and (3) received prior approval from the director of the State Office of Homeland Security and Emergency Preparedness, or his designee.
- Determine if the entity "piggybacked" onto another agency's contract. If done so, determine if there is documentation on file that clearly demonstrates the contract was a previously bid, viable contract and the price paid by the entity was the same as that contract's bid price.
- Determine if the contract was amended. If done so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.
- Determine if there is written evidence that the entity's legal advisor reviewed the contract and advised entering into the contract.
- Determine if there is documentation of board approval, if required.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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**Condition:**

Since there is no centralized control over contracts, the Authority does not have a single complete listing of all active contracts. The Finance Department has attempted to put together a listing of current contracts, but the Finance Department's listing is old and admittedly it was not a complete list.

The Auditor obtained the most recent contract list assembled by the Finance Department; however, the list was dated July 16, 2010 (the list was prior to the Auditor's review period of October 1, 2010 to September 30, 2011). He then went through the general ledger looking for payments made to vendors who might be providing services, materials, or construction/renovations on a contract basis. He then went through the Capital Fund Program (CFP) grant invoices and the American Recovery and Reinvestment Act (ARRA) invoices paid during the review period for any renovation contracts that did not appear on the Finance Department's contract list. All additional contractors and the contract amounts located by the Auditor were added to the listing so that the Auditor could select the sample items to examine.

The sample items selected were:

- *A-Perm-O-Green Lawn, Inc.* - \$298,845 – service contract to provide lawn care
- *Jack Wynn Builders* - \$955,820 – public works contract for unit renovations
- *General Electric* - \$76,524 – materials contract to provide appliances for units

The review of the sample indicated:

- None of the contractors in the test sample were related parties.
- The Auditor determined that, due to the services provided by the contractors, none were exempted from the Louisiana State Public Bid Law. In each case, the Authority could provide documentation showing that bids had been properly advertised and solicited, and that the Authority had selected the proper bidder based on the criteria set forth in the Authority's Procurement Policy (the Procurement Policy has to adhere to standards required by both the State of Louisiana and the Department of Housing and Urban Development).
- According to the Authority, a request for proposal was used for all three items in the sample, and, based on the documentation provided. It appears that the Authority used due diligence in selecting the contract.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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**Condition - continued:**

- The Auditor did not note anything in the contract documentation that the sample items were "off" state contracts. All items appeared to be competitive bid.
- None of the items in the sample appeared to be related to homeland security.
- None of the items in the sample appeared to be "piggybacked" onto another agency's contract.
- The Auditor did not note any amendments to the contracts in the sample.
- The Auditor reviewed the invoices from the contractors in the sample and compared the invoices to receiving reports or percentage of completion reports (where applicable), and examined the general ledger for payments made for the contractor's invoices. Based on that review, the payments made to the contractors appear to adhere to the contracts.
- There was no written evidence in the contract documentation provided to the Auditor that legal representation had reviewed any of the contracts. The Authority indicated that its attorney reviews contracts prior to them being signed; however, there was no written evidence in the file indicating such a review had been made.
- The contracts with A-Perm-O Green Lawn, Inc. and Jack Wynn Builders were approved by the Board of Directors. The contract with General Electric did not require Board approval, per the Authority's Procurement Policy.

**Conclusion:**

Based on the sample reviewed, the Authority appears to adhering to its Procurement Policy.

However, the fact that the Authority was not able to provide a current listing of all outstanding contracts indicates a lack of control and oversight of contracts. The Authority needs to be able to produce a list of all current contractual obligations. The best way to do this is to have one person overseeing the contracts, but due to HUD's Asset Management Plan requirements, the oversight of contracts has been removed from the central office and pushed out to the individual project sites.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Contracts - continued**

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**Response:**

In order to adhere to HUD regulations, the Authority moved contract oversight from the central office to the individual project managers. The Authority's management acknowledges the problem with decentralized control and will review the situation to find a solution that provides better oversight and still meets the requirements mandated by HUD.

**Payroll and Personnel**

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1. Obtain and review the entity's written policies and procedures for payroll and personnel and determine if they address the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked.

**Condition:**

Payroll and personnel issues are addressed in the Authority's Personnel Handbook. The Handbook details the policies related to attendance, leave, overtime, termination, discontinuance of service, review and approval of timesheets, etc., but it does not specifically address procedures for the processing of payroll. The Auditor inquired if the Authority had an Accounting Policy that might address processing payroll, but it did not.

Through inquiry and observation, the Auditor determined that all non-exempt employees of the Authority punch in and out on a time clock. The clock records the time that the employee begins work and when they end work. At the end of each week, the employee's supervisor reviews the timecard and approves it. If an employee expects to have overtime during a week, that overtime must be preapproved by his/her supervisor. If any leave time or sick time is used by an employee during a week, a form must be filled out by the employee stating the time absent and the reason for the absence; the form is reviewed and approved by the employee's supervisor. The leave forms are attached to the employee's timecard and sent to the Finance Department. The Finance Department processes payroll and maintains a record of each employee's available leave in the payroll system.

**Conclusion:**

The Authority has policies that address personnel issues and the preparation and approval of timesheets, but it does not appear to have a policy that addresses the actual processing of payroll by the Finance Department.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Payroll and Personnel - continued**

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**Response:**

Once again, the Authority's management is aware that some of its policies and procedures were allowed to become outdated by the previous administration; however, the Authority's current management is making a strong effort to review, revise, and update all of the Authority's policies and procedures. This is currently an ongoing process.

2. Obtain a listing of employment contracts/agreements in force during the period under examination. Select the largest (dollar amount) employment contract and determine if all payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract.

**Condition:**

The Authority has two classifications of employees: 1) Regular employees (classification is denoted by a "1" on the payroll register); and 2) Contract employees (classification is denoted by a "3" on the payroll register). The difference in the two classifications is that the employees classified as "contract" are those employees who have yet to pass the Louisiana Civil Service Exam (typically, Section 8 employees). Once a "contract" employee passes the exam, he/she is reclassified as a regular employee.

The only exception is the Assistant Executive Director. He has passed the exam but is still classified as a "contract" employee; however, he is not under contract to the Authority and is a regular employee.

Based on the review of documents and discussions with Finance personnel and management, the employees that the Authority refers to as "contract" are not really contract employees in the conventional sense, but are really only regular employees who have not passed the Louisiana Civil Service Exam yet.

**Conclusion:**

During the period under review, the Authority did not have any employees working for the agency under a contract.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Payroll and Personnel - continued**

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**Response:**

The term "contract" employee for the Authority is an in-house term used to differentiate between those employees who have passed the Louisiana Civil Service Exam and those who have not.

**3. Select the attendance and leave records for one pay period and:**

- **Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)**
- **Determine if supervisors are approving, in writing, the attendance and leave of all employees.**
- **Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.**

**Condition:**

The Auditor haphazardly selected the pay period of May 21, 2011 through June 3, 2011 for testing. The Authority has no elected officials.

The number of hours leave that an Authority employee accrues per month is based on the employee's number of years of service. The amount of leave that an employee has accrued is maintained by the Finance Department in the payroll system. The payroll system adds the leave hours earned each month by each eligible employee and deducts the hours used, thereby, maintaining a running total of hours for each Authority employee. Eligible Authority employees are allowed to accrue up to a maximum of 300 hours leave time.

When an employee takes leave time or sick time during a week, he/she must complete a form that states the time absent and the reason for the absence; the form is reviewed and approved by the employee's supervisor. The leave forms are attached to the employee's timecard and sent to the Finance Department. The Finance Department processes payroll and maintains a record of each employee's available leave in the payroll system.



**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Payroll and Personnel - continued**

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**Condition - continued:**

The Auditor examined all of the time cards during the sample pay period (a pay period is two weeks) and verified that all timecards had a minimum of eighty hours (two weeks) for fulltime employees and, if the timecard did not have eighty hours for the period, that the card had an approved leave time form attached to the card. The Auditor then traced the leave hours used to detailed leave reports from the payroll system and verified that the leave hours earned by each employee for the period were properly recorded for in the system.

During the examination of the timecards, the Auditor noted four timecards (out of sixty-four timecards examined) that did not have approved leave forms attached. No exceptions were noted in the leave time earned or the leave used recorded in the payroll system for the period.

**Conclusion:**

The four exceptions in the leave forms seems to indicate that the Authority is not consistently enforcing the approval and reporting of leave time by the supervisor. When the Finance Department observes that an employee did not work 80 during a pay period, they contact the employee's supervisor and verify the hours worked and the reason for the absence; however, this does not provide the Authority with the documentation to back-up the number of hours taken by employees for leave.

Based on the review of the leave time additions and deductions made during one pay period, the payroll system appears to maintaining accumulated leave accurately.

**Response:**

Two of the four exceptions in the Auditor's review of timecards were due to the previous Finance Director failing to follow the Authority's procedures. In these cases, the Finance Director failed to provide a leave slip for himself and failed to insist that one of his staff provide a leave slip. Both the previous Finance Director and the staff member have separated from the Authority. The new Finance Director is dedicated to observing and enforcing the policies and procedures of the Authority.

For the remaining two exceptions, Authority management will provide instruction to managers and supervisors on the procedure for reporting leave time.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Payroll and Personnel - continued**

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4. Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

**Condition:**

A review of payroll documents showed that the Authority's five highest paid employees did not receive a pay change during the year under review. The Auditor inquired of the Finance personnel doing payroll and verified that there were no payroll changes for employees during the review period.

**Conclusion:**

There were no changes in salaries or pay rates for the five highest paid employees during the review period.

**Response:**

Due to financial constraints, no raises were given during the review period.

5. Select the five largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by documentation, made in strict accordance with policy and/or contract, and properly approved.

**Condition:**

The Authority's Personnel Policy allows an employee to accumulate a maximum of 300 leave hours, and regardless of how many hours an employee might have accumulated at separation, they will only be paid for a maximum of 300 hours.

The Human Resources Director for the Authority supplied the Auditor with copies all the employee separation forms produced during the review period. The separation forms state the employee's name and position along with other Authority related information. The forms also provide the date the employee separated from the Authority, the final pay rate of the employee, the employee's accumulated leave time and the reason for separation. The form is reviewed and approved by either the Human Resources Director or, in the case of senior management, the Executive Director. On the form, the Human Resources Director prepares a calculation of the gross pay owed to the separated employee (accumulated leave time x current rate of pay) and forwards that gross amount to the Finance Department.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Payroll and Personnel - continued**

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**Condition - continued:**

The Auditor reviewed the forms provided, and the largest separation payouts for the review period were:

- *Bobby Brown - \$12,846.00*
- *Peggy McCoy - \$5,224.98*
- *Candace Wiggins - \$4,538.20*
- *Tiffany Robinson - \$1,722.06*
- *Peggy Guine - \$1,454.37*

For each of the five highest separation leave payouts, the Auditor traced the total accumulated leave to the payroll system and the final pay rate to the last payroll prior to the employee's separation. The Auditor then recalculated the gross leave pay and compared it to the Human Resources Director's calculation.

The Auditor also reviewed the separation form for each of the five highest paid payouts and verified that each had the appropriate approval.

**Conclusion:**

The Auditor did not note any differences between the leave time in the payroll system or the pay rates from the last payroll reports prior to the employee's separation and the values used to calculate gross leave pay by the Human Resources Director. The recalculations by the Auditor of gross leave pay at the time of separation did not materially differ from that calculated by the Human Resources Director.

All of the appropriate approvals appeared to meet the requirements of the Authority's policy, based on the review sample.

**Response:**

Management is making an effort to better educate Authority employees of existing policy and insure that those policies are followed. Revising and improving Authority policies and procedures is presently a major focus of management.

**AGREED UPON PROCEDURES REPORT**  
**The Housing Authority of the City of Shreveport**

**Payroll and Personnel - continued**

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6. Determine if any employees were also being paid as contract labor during the period of the examination.

**Condition:**

The employees that the Authority designates as "contract" employees are those employees who have yet to pass the Louisiana Civil Service Exam in order to be eligible to become regular employees.

The Auditor reviewed the payroll listings for both "regular" employees and "contract" employees and verified that no names appeared on both lists. The Auditor also reviewed check registers to verify that no employee on the payroll listing was receiving any additional checks that might be additional contract work for the Authority. The Auditor inquired of Finance personnel and management if any Authority employees were also being paid for contract work, and none of the persons asked was aware of any employees doing contract work for the Authority.

**Conclusion:**

There does not appear to have been any employees doing contract work for the Authority during the review period.

**Response:**

The term "contract" employee for the Authority is an in-house term used to differentiate between those employees who have passed the Louisiana Civil Service Exam and those who have not.